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The Nation's Business

Future of Empire

Business Men Needed at Conference

England Needs Canada

Reduction of Taxes Still to Fore

Further Cuts Due

QUITE as significant to Canada as the important developments in governmental affairs at home, are tendencies in world affairs that affect our position as a nation and our place in world economic affairs.

At the moment, Canada's interest in external affairs is allied chiefly to two matters, themselves closely related: the forthcoming Imperial Conference and the position of Canada in the future of the British Empire, or as it is now coming to be known, the British Commonwealth of Nations.

There is no doubt now that Mr. King, as Canada's prime minister, will be at the Imperial Conference. King was understood to be opposed to going, first because of some alleged aversion to Imperial conferences, and secondly because of the pressure of responsibilities at home. Leading Liberals throughout Canada came out against his attendance at the conference, notably Senator A. C. Hardy, who stated that King's place was at Ottawa not at London.

They are right in stating that Mr. King is not needed in London, although there are many to resent the suggestion that Canada should take part in no more Imperial conferences.

King is not the man to sit in on an essentially business conference, discussing Empire economic affairs, and this applies equally to Meighen and Forke, the other political leaders.

But whether he goes or not Canada should be represented at the conference by Hon. P. C. Larkin, a business man and national salesman of tremendous ability and an able representative of Canada. It is suggested that it might be well to send Hon. C. A. Dunning, whose field, the West, is very deeply concerned in the British Empire as a market for our products. Efforts should be made to back them up with a group of such le . lers as Sir Arthur Currie on Defence problems, Sir Joseph Flavelle or other men of that stamp who can speak for Canada, discuss commercial activities intelligently and suggest and promote policies that will develop the Empire and Empire trade in a way that will promote Canada's interests.

In taking this stand The Financial Post has not been influenced by the fact of Mr. King's re-election to the premiership. The same views were expressed prior to the election.

* * *

SIR ALFRED MOND is making it clear to audiences he is addressing in Canada that the United States of Europe, forecast in these columns, on several occasions during the past few years, is a reality that must be expected. It makes a problem for the British nations, he points out. There will be on this continent the great self - contained, trade zollverein known as the United States, compact, unified and with no internal trade barriers of any nature. There will be in Europe, in time, a similar group of nations, dominated no doubt by France and Germany in union, with free trade within but with barriers against the outside world.

England will be forced to choose its future course. England's future in Sir Alfred's opinion, lies in the development of the British Empire. He is making a plea for Canada to do its utmost to make certain of the solidarity of the British peoples and their economic union to stand with the two other groups of nations. Canada is a pivotal point in the British Imperial plan, in Sir Alfred Mond's opinion. Tradition and self-interest alike demand Canada's adherence to the scheme of the British Commonwealth of Nations, he declares.

* * *

IT IS worth while for Canada to remember that the one factor that was more powerful than any other in winning the last election for the Liberals was the fact that the Liberals finally saw the tendency of public opinion, reduced taxation and promised further great reductions. Mr. Meighen, on the other hand, utterly failed to appreciate current feeling in this subject and positively refused to listen to Conservative leaders throughout the country who did. Thousands of voters who were prepared at the outset to give their votes to the Conservatives, swung back to the Liberals, in consequence.

* * *

MR. KING'S chief appeal in 1921 was tax reduction. He won the election but he failed to keep his promises. In 1925, he was defeated but remained in power with Progressive aid. Then it was that his government reduced taxes. Mr. King himself did not seem to grasp the popularity of this reduction until he found everywhere that Mr. Robb spoke he was received with a tremendous cordiality, that was absent when Mr. King spoke. Mr. King,

(Continued on page 8)

PLACE OF CANADA IN WORLD'S WHEAT TRADE UNCERTAIN

But if Estimates Hold We Should Export 230,000,000 Bushels

WHERE WHEAT GOES

After Milling and Seed Reserve Exportable Surplus is High, With World Demand Likely to Be Good

Present world wheat prospects in the Northern Hemisphere indicate a crop not much below last year's, but one which will be above the average.

Final prospects for Canada's 1926 wheat crop depend entirely upon the weather conditions during the next two or three weeks. Extremely favourable weather conditions during August caused the official September estimates to soar 60,000,000 bushels to a new high level of 375,000,000 bushels. Since then, however, there has been heavy damage from rain, snow and electrical storms, and at present an intensely cold wave is sweeping the prairies from Winnipeg to the Rocky Mountains.

Previous to this cold wave the latest estimates predicted a crop of about 365,000,000 bushels, as compared with a July estimate of 348,000,000 and an August estimate of 316,000,000. The yield in previous years fluctuated from a peak in 1923 of 474,000,000 bushels, to 262,000,000 in 1920 and back to 411,000,000 in 1925. The average yield reported in Manitoba and Saskatchewan is stated to be about 20 bushels to the acre, the individual figures ranging from 7 to 49 bushels, but weather conditions in the past two weeks will undoubtedly have a depressing effect upon these figures.

Where Our Wheat Goes

There are four main channels into which our wheat crop is distributed: Wheat milled for home consumption; wheat milled for export; wheat retained for seed and the balance which is available for export. The total for these first three items has averaged about 130,000,000 bushels in the last four or five years. Substracting that amount from the estimated 1926 production and assuming that the estimates are unchanged, there remains approximately 230,000,000 bushels available for export from Canada.

In the United States, the prospects are excellent for the winter wheat crop, but rather mediocre for spring wheat. The official government estimate for August was 839,000,000 bushels, which would be a fairly average crop, far ahead of the 667,000,000 bushels produced last year. Some estimates place the 1926 production as high as 871,000,000 bushels. At any rate, present estimates place the available surplus for 1926 at about 200,000,000 which is considerably important since there was practically no surplus last year.

Good Average in North

As far as the world situation is concerned the present estimates predict a good average crop in the Northern Hemisphere with a decrease in Europe of about 9 per cent. below last years crop. In 27 wheat producing countries, which produce about 81 per cent. of the world's crop (exclusive of Russia and China) the quality will be good and the production will show a 1.2 per cent. increase over last year. Rye in Europe is expected to be not more than average and the potato crop, generally speaking, is poor. All these factors point to a good demand for non-European wheat. The Canadian crop, bulking so largely, as it does, in the world wheat situation is perhaps the most undecided factor in the estimates, and conditions in the next few weeks will be a large factor in determining Canada's part in this world commerce.

Valley Corporation Adds Sulphite Digester

From Our Own Correspondent.

THREE RIVERS, P.Q.—The mill of the St. Maurice Valley Corporation here is increasing its output of sulphite pulp by 65 tons daily through the addition of a new digester. At present, the St. Maurice Valley Corporation utilizes its entire output of sulphite in the manufacture of newsprint, but with the addition of two new machines at the Belgo plant, it was thought advisable to increase the sulphite capacity of the mills to an extent a little larger than will be required in the manufacture of newsprint. The surplus sulphite production will be sold on the open market, but the increased production of sulphite will also preclude the possibility of any reduction in the newsprint output due to possible break-downs which might occur in the corporation's sulphite capacity.

Down Come Paint Prices

Canadian paint and varnish people met this week and decided on spring price levels. Paint will be reduced in price 15 cents a gallon.

Pulp and Paper Again Featured This Week

For the eighth successive year, The Financial Post this week publishes its annual supplement devoted to the progress of the pulp and paper industry. The primary interest of the issue is service to the investor, and each of the units in the industry, in which there is public investment interest, is discussed at length.

Members of The Financial Post family of readers will be glad to know that this year's issue exceeds any of the previous seven in size and thorough coverage of the field.

BY TURN OF YEAR SHERWIN-WILLIAMS TO HAVE NO BONDS

Earnings in Coming Year Expected to be Much Better

From Our Own Correspondent.

MONTREAL.—The Sherwin-Williams Company of Canada is to call its underlying issue of bonds amounting to $340,667 on January 1, 1927. This issue bears interest at five per cent., and is due in 1939; it covers the properties of the Canada Paint Company, a subsidiary. The bonds are callable at 105 and interest.

Thus, by January next, the Sherwin-Williams Company will have no outstanding funded debt, for recently the company announced the calling of its other bond issue of which there were $1,571,400 outstanding at the close of the 1925 fiscal year.

Under the terms of the trust deed it was necessary to give six months' notice in calling of the first and refunding bonds, but the Canada Paint issue only requires three months' notice.

Position Again Bettered

The company's 1926 fiscal year ended on August 31, so that the next balance sheet to be forwarded to the shareholders will still show a bonded indebtedness. At the close of the 1925 fiscal year the total funded debt amounted to $1,912,067. But the working capital of the company totalled $4,337,802; thus there is no need of any new financing to take care of the bond redemption.

The redemption again betters the company's position, for it will remove fixed charges on earnings which in 1925 amounted to $119,997. The latter figure compares with common dividend requirements of $240,000. Thus it will be seen that the earnings in 1927 on the common stock will undergo a decided betterment.

Belgo's New Machines Will Exceed Capacity

From Our Own Correspondent.

SHAWINIGAN FALLS, P.Q.—The addition to the Belgo-Canadian Paper Company's plant which is to house new machinery with a capacity of 200 tons of newsprint per day has been completed, and the equipment for the first 100 ton machine has arrived and has been set up in the mill. The machinery for the second new machine is arriving daily, and the work of erection has already begun.

Each of Belgo's two new machines will produce paper 234 inches in width at the rate of 1200 feet per second. The two units represent the latest in paper mill machinery design, and while the rated capacity of each machine is 100 tons daily, yet there is little doubt that when the two new machines are finally tuned up, the output will be considerably in excess of rated capacity.

FEET UNDER SAME TABLE, WEST AND EAST FACE FACTS

Farmers, Legislators and Capitalists Meet at Edmonton

ONLY ASK FAIR PLAY

Do Not Object to Government-Backed Rural Credits Schemes if Not Unfair to Private Organizations

By J. W. TYSON,
Editor, The Financial Post.

EDMONTON. — Throughout sessions which have occupied both afternoons of the tenth annual convention of the Dominion Mortgage and Investments Association, representatives of the financial east and agricultural west have sat with their feet literally under the same table and discussed the problems of lending capitalist and borrowing farmers.

The program of the convention has been disregarded or adjusted to meet the mutual desires of those vitally concerned in arriving at some common basis in the solution of fundamental problems of the Prairie Provinces. What has turned out to be one of the best attended meetings of the association was planned in Edmonton with a purpose. This is the capital of a province which has gone far in the direct interests of its dominant industry in abusing what have long been regarded as the rights of invested capital. The representatives of the loan, trust and insurance companies of Canada, with their assets of nearly $1,860,000,000 invested capital through their association, invited every member of the government, of the whole legislature, or the Dominion house within the province and all the candidates of the last election to come and consider with them ways and means to give to farm borrowers better accommodation in the shape of agricultural capital; this, they believe, they are in a position to do on a sound economic basis if more equitable conditions as regards security are restored.

Declare Need for Fair Loans

It was with the purpose of impressing upon not only the members of the government but other elected public representatives within the province the desirability, in the interest of both borrowers and lenders, of restoring the personal covenant and removing numerous legislatively-imposed prior charges to the first mortgage, that the lending companies arranged their program. They met with a success which indicates not only the soundness of their policy but the willingness generally of those interests presumably opposed to industry and finance, to meet on a common ground for the discussion of proposals in the common interest. The real benefits of this getting together can be concretely shown only in future legislation, but as an example of how seemingly divergent interests can be brought to a free and frank discussion of common problems in their mutual and the public interest, this convention has been distinctly conveniencing. Some mistakes were made. Discussions were so frank that at times diplomatic demerit marks were registered but that whole effect could not be otherwise than for the good of those directly interested and all those they represent.

EDMONTON.—That acceptance of the obligation of the lender to cooperate with the borrower in the profitable employment of mortgage funds for agricultural purposes, which has marked the operations of the Canadian mortgage loaning institutions in recent years, was again in evidence at

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Belding-Corticelli's Earnings More Stable

From Our Own Correspondent.

MONTREAL.—One of the contributing factors which has enabled Belding-Corticelli to maintain the high level of earnings which prevailed last year was the fact that prices in the raw silk market have remained fairly steady; thus, earnings from the sale of the finished product during 1926 have become stabilized. Whilst the company's sales have kept up to last year's level, yet the competition in piece goods, yard goods and braids, particularly from Switzerland, is still very keen.

About a year ago, the company acquired the assets of the Hosiery Corporation, and the equipment of the latter was transferred to Belding-Corticelli's Montreal plant. The sales during the year from this newly established department of its activities have been excellent; but, of course, this end of the business is really still in its initial stages. The new line in time will probably play a larger role in the earnings.

The company's fiscal year ends November 30, and the general expectation is that earnings will be at least equal to last year's level; earnings applicable to the common stock last year were 22 per cent.

If the earnings during the final quarter of the fiscal year be at the rate experienced during the first three-quarter period, there is every reason to believe that the shareholders will be well satisfied with the showing which the company will make.

The business of Belding-Corticelli consists of weaving silks, both natural and artificial. The raw material is turned into yarns, threads and ribbons; braids, tapes and laces are also manufactured from cotton. Changing fashions play an important part in the volume of production, but through the variety of its output, the company is enabled "to make up on the swings what it loses on the roundabouts"—when sales of one line fall off, others leap into prominence, and thus the total volume is maintained.

The fact that Belding-Corticelli operates under an able management is substantiated by merely a glance at its balance sheet. In the last annual statement the current assets were over five times as great as the current liabilities.

Western Farmer Does Not Need More Credit; Had Too Much in Past

Quebec Redeems Issue of $6,000,000 Made 1921

From Our Own Correspondent.

MONTREAL.—The province of Quebec is calling for redemption on November 1 next of an issue of $6,000,000, 5½ per cent. bonds, due May, 1936. The province will redeem the issue at par with interest to date. After maturity no interest will accrue on the bonds. The bonds will be redeemed in Quebec, Montreal and Toronto. The issue was sold in May, 1921.

ASBESTOS SECOND DIVIDEND BRINGS MORE CONFIDENCE

Earnings Believed on Satisfactory Level — Depreciation Provided

From Our Own Correspondent.

MONTREAL.—The declaration of the second annual quarterly dividend of the Asbestos Corporation indicates conclusively that the corporation is successful, not only in earning its fixed charges and dividend requirements, but also in earning its depreciation and depletion charges. The successful record of management of the old Asbestos Corporation is seen in that company's financial figures over past years and indicates that the management of the new corporation, which remains practically unchanged, would not make any variation in the conservative accounting which characterized the administration of the old company.

It seems certain that the dividend would not have been declared had not a fair proportion of the earnings been available for depreciation and depletion charges. Such allowances, of course, serve to strengthen the financial structure of the new corporation.

Total of Fixed Charges

It is hard to ascertain definitely the exact figure which the corporation must earn annually in order to meet fixed charges and preferred dividends, but as at February 1, 1926, the company had the following outstanding capitalization:

1st mortgage 6's	$3,000,000
Gen'l. mortgage 6's	4,239,000
Bonds of other co's	545,135
7% non-cum. pfd.	6,140,400
Pfd. for allotment as properties pass. to the corp.	1,316,000
Com. shares, no par value	200,000 shs.

The foregoing indicates that the three bond issues would require some $437,000 annually in interest payments, and the preferred shares would require annual dividend payments of $521,948. This makes a grand total of $958,994.

In order to ascertain some approximation of the rate at which the Asbestos Corporation is presently making earnings, it will be necessary to add to the latter figure the annual sinking fund requirements, plus the amount the corporation would have to allow for depreciation and depletion.

The Sinking Fund Requirements

The trust deed covering the first and refunding mortgage issue calls for a cumulative sinking fund of not less than three per cent. per annum—but this does not commence until January 1, 1928. The sinking fund requirements of the general mortgage issue commence with one per cent. per annum beginning January 1, 1930, and increasing thereafter. Thus, the sinking fund requirements of the new Asbestos Corporation are small at present. There remain, of course, the annual depreciation and depletion charges.

In 1925, the old Asbestos Corporation earned $900,740 before depreciation and bond interest. It can be seen, therefore, that with the larger properties, it should not be a difficult matter to earn the fixed charges and dividend requirements of the new company; that is, provided that the Asbestos Corporation can maintain present prices and that competition does not grow any keener than at present. It seems very unlikely that it will.

Discussion on Earnings

About two months ago there was much discussion regarding the situation of the Asbestos Corporation, and at that time, there were rumors which indicated that the corporation might experience difficulty in earning its dividend requirements for this quarter. But the declaration removes much—if not all—of the concern which some of the shareholders have felt at the competition from the Keasbey and Mattison Company and indicates that perhaps such competition is not so serious a matter as was thought by many not so long ago. In any event, shareholders in the corporation will view the first annual report with interest when it appears next year, and from which they will be in a better position to gage the actual position of the company and to estimate the future course of its earnings.

Agriculturist Has Not Suffered from Any Lack of Credit Facilities

REVIEW FARM CREDIT

Loan Companies' Head Declares Private Companies Can Supply Every Credit Need

By GEORGE H. SMITH,
President, Dominion Mortgage and Investments Association, at annual meeting.

Since the presentation of the report of the special committee of the Dominion Parliament appointed to inquire into the conditions of agriculture in Canada, in 1923, the subject of Rural Credits has received a great deal of attention, and during the last two sessions of parliament particularly, much of the time of both ministers and members has been given to its consideration. Unfortunately it has become a political football due to an unprecedented political situation in which the two historic parties, neither of which we believe are convinced either of the necessity for any such scheme as is advocated, or of its practicability, are compelled to outbid one another for the support of a small minority whose constituents have been more or less misled into a belief that the scheme proposed will prove a panacea for all their economical ills.

Originally, the agitation was principally for a system of intermediate or short term credits, which it was claimed has not been provided either by the banks or the mortgage lending institutions of the country. The success which it was assumed has attended the Federal Land Bank system of the United States since its inception in 1916 was strongly urged as an argument in favor of the adoption of some such form of loaning in Canada, and the committee recommended that the government further investigate the subject. You are all familiar with subsequent events. The government asked Dr. Tory to make a full investigation. The result was the compilation of two most exhaustive reports which bear witness to the industry with which Dr. Tory applied himself to the task he undertook, and the time and labor he devoted to it.

These reports have lent very much of the weight and influence which have supported the agitation for a rural credit scheme in Canada, and which have been responsible for government measures having been presented at the last two sessions of parliament, the latter of which would now have been law if parliament had not been dissolved before it obtained the royal assent. No one would for a moment question the absolute bona fides of Dr. Tory's good intentions. We do say, however, that these reports contain information relating to conditions in other countries which are by no means parallel to those which exist in Canada and from which misleading inferences have been drawn.

Given No Chance to Tell Case

Representations to this effect, which your executive made to the government, accompanied by requests for an opportunity to be heard in reply to the reports which had been received and circulated, were ignored. Statements made in the reports were used throughout the country as propaganda. Newspapers seemed to take delight in publishing and republishing these statements as news items and in their editorial columns, but would give scant and meagre consideration to any suggestion that there was another side to the story. It was not till, at the last session of parliament, the Rural Credits Bill had passed the House of Commons and was before the Senate, that we were given a belated opportunity to appear before the Banking and Commerce Committee, not to make any attempt to refute

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Background of Canadian Business

WEEKLY REVIEW OF CONDITIONS

Election Over, Public Works Likely to Begin
Disturbing Reports on Crop Situation
Timber Cut Will be Heavy in Ontario-Quebec
Stock Market Shows Strong Undertone

BUSINESS men throughout the country are waiting with interest for a statement from the premier-elect in regard to the programme for the next session of parliament. Whether or not there will be any drastic changes in the present tariff or tax legislation seems problematical, and it is unlikely that any announcement will be forthcoming until after Mackenzie King returns from the Imperial Conference, which takes place next month. There is a possibility that he may not attend the conference, in which event the house may reconvene at an earlier date than expected. In the meantime a survey of the present standing of the different parties shows that the Liberals, with the aid of the Liberal-Progressives, will have a clear working majority, which will make for a stronger government than the country has had for some time.

It is now expected that the various public works proposed by the Liberal government before it went out of power last summer, will be proceeded with just as soon as parliament reassembles and the necessary monies authorized. This will mean considerable additional work for general contractors, steel, iron, cement and other industries. Among the more important undertakings will be the three-year programme of construction for the harbor of Montreal, which will involve an expenditure of $12,000,000. A start is expected to be made on this work before the freeze-up.

Disturbing Crop Reports

Some rather disturbing reports on the crop situation in the West have lately been received. It appears that the unusually heavy fall of rain and snow in practically every section of the prairies early in the month tied up threshing and did some damage to grain in stook. Advices at the beginning of this week are more encouraging in that harvesting was again under way and expected to be general about the 25th. Despite this temporary setback the farmers are looking forward to receiving substantial returns for this year's crop. In the last five years, a large share of the proceeds of agricultural production has been used by the farmers to liquidate old debts, with the result that they are now in a much better financial position and will probably have a greater purchasing power this year than in 1925.

Wholesale and retail trade report no let-up in activity, with the majority of dealers optimistic as regards prospects for future business. Orders for late fall and winter delivery show considerable improvement over last year, particularly in seasonable lines. Collections are constantly improving and as a consequence merchants are in a position to profit by purchasing their supplies in volume, which has not heretofore been the case for the past two or three years.

Disappointment Also in Steel

Orders for steel and iron for future delivery have not been as great as expected earlier in the month. This is accounted for by the uncertainty of price movements and the fact that summer contracts are not yet completed. However, there are a number of substantial orders in sight, which will help to maintain the present rate of production in many branches of the industry. Several large hydro-power equipment and structural steel orders are on tap and will be placed very shortly. The new South Shore bridge and the Royal Bank building at Montreal are instances of orders for steel which will be fabricated this winter.

A move of considerable interest in the steel market is the change in base guages in steel sheets, announced by American producers. It has long been recognized that present gauge differentials do not reflect the actual cost of production and to remedy this situation, No. 24 U.S. gauge for both American bessemer and galvanized sheets has been chosen as the new base, because it is now the average for sheet mill products. It is expected that Canadian mills will also adopt this standard.

Larger Cut of Timber Expected

Supplies and men are now being sent into the bush for timber operations this winter. There may be some delay owing to the shortage of help, but this situation will be relieved when the harvesters start drifting back from the West. Present indications are that there will be less activity in New Brunswick and Nova Scotia, where the lumber industry has been rather hard hit during the past year or two. In Ontario and Quebec, woods operations will be on a larger scale owing to the need of more supplies of pulp wood for the pulp and paper mills. No change is looked for in the prairie provinces, while some increase in activities is expected in British Columbia. Taking everything into consideration there will be a larger volume of supplies purchased for the camps this year, and indications are that the cut will be greater than last year.

As is usually the case after a general election, the stock market showed weakness and some declines were registered. On the whole, however, there is a strong undertone. The market for high-grade bonds shows improvement, due to the fact that many insurance companies are now investing accumulated funds. There is also a demand from American investors for the better class provincial bonds. During the past week both the Canadian Pacific Railway and the Canada Steamships floated large bond issues to cover development expenditures recently incurred. Part of the money raised by the Canadian Pacific will be utilized in the construction of branch lines and for "corporate purposes." Money is still plentiful.

Building in Canada Again Shows Movement Forward

Building permits in August were 25 per cent. above August, 1925. Figures for the first eight months of 1926 also show big increases.

The aggregate for the month under review was $11,874,552, while in the preceding month it was $18,717,028 and in the corresponding month of 1925 it was $9,511,008.

As compared with August, 1925, all provinces except Nova Scotia and Quebec reported increases in the value of the building authorized. Saskatchewan reported the largest gain of $1,850,725.

The following table shows the value of the building authorized by 63 cities during August and in the first eight months of each year since 1910. The January-August average index number of wholesale prices of building materials in those years is also given (1913—100).

Year	Value of permits issued In August	Value of permits issued In first eight months	Ave. indexes of wholesale prices of building materials in first eight months
1926	$11,874,552	$109,211,942	150.0
1925	9,511,008	88,223,328	154.0
1924	9,406,733	81,762,083	162.6
1923	11,425,031	97,551,074	166.8
1922	18,158,932	105,181,416	161.8
1921	10,928,039	77,665,614	192.1
1920	10,805,846	86,303,601	214.6

The January-August aggregate this year was greater by 23.8 per cent. than in 1925; it was also 3.8 per cent. higher than in 1922, the previous high level since the war, and 40.6 per cent. above the 1921 low mark. The average index numbers of wholesale prices of building materials were, at the same time, lower than in any other year since 1920.

Canadian Business Indicators

Compiled weekly by The Financial Post

	1926	1925	
Car loadings, week Sept. 11	60,175	62,602—	4%
Year to date	2,087,196	1,865,958+	12%
Merchandise shipped, year to date	581,348	546,712+	6%
Building permits—August (63 cities)	11,874,552	9,511,008+	24%
Construction contracts awarded, August	31,696,500	31,207,000+	1%
Railway Earnings—Seven Months—			
C.P.R. gross	101,826,207	90,383,867+	13%
C.P.R. net	17,877,823	11,186,521+	60%
C.N.R. gross	143,516,794	125,914,357+	14%
C.N.R. net	17,536,998	5,667,287+	210%
Pig Iron Output—tons, July	67,232	20,946	
Steel Ingot production, July tonnage	64,847	22,471	
6 months to June 30	410,603	413,891—	0.7%
Employment—August index	104.2	96.3	
Newsprint production—August tonnage	162,545	120,656+	34%
Automobiles produced—(Seven months to July 31)	140,086	105,687+	32%
Immigration, 6 months to June 30	70,253	43,241+	63%
Business failures—No. of firms, July	137	131	
Liabilities, July	2,352,078	2,312,913+	1%
Imports of key commodities, 12 mos. ending July—			
Rubber (raw, in pounds)	45,509,551	37,224,426+	22%
Cotton (in pounds)	134,658,749	110,514,706+	22%
Crude petroleum (in gallons)	613,795,257	493,243,206+	24%
Exports of key commodities (12 mos. end. July 31)—			
Canned salmon, lbs.	654,179	754,577—	13%
Newsprint, cwt. (12 mos. end. July 31)	31,710,901	25,879,134+	22%
Wheat flour, bbls. (12 mos. end. July 31)	10,896,654	10,169,692+	10%
Wheat, bushels (12 mos. end. July 31)	275,557,078	146,958,158+	87%
Grain receipts, August 1 to Sept. 10	7,327,649	8,460,022—	13%
Bank clearings, August	1,404,101,880	1,246,722,195+	12%
Savings deposits, July (chartered banks)	1,329,909,816	1,255,005,214+	6%
Current loans, July (chartered banks)	941,501,878	881,263,805+	7%
Exports, 12 months to July 31	1,343,968,818	1,093,165,663+	23%
Imports, 12 months to July 31	969,296,368	817,683,042+	18%
Balance of trade, 12 months to July 31	374,672,450	275,482,621+	36%
Price level, August index, 236 commodities	153.9	158.9	
Wheat, No. 1, Nor. Winnipeg, Sept. 20	1.40	1.37	
Cattle—Good, Toronto, Sept. 20	$7.50	Sept. (Aver.)	$7.05
Pig iron (Number 1 foundry)	$24.80	Sept. (Aver.)	$27.25
Hogs—Select, Toronto, Sept. 20	$12.75	Sept. (Aver.)	$13.33
Bond sales, August	$12,999,645	$1,533,973	
Life Insurance Sales, seven months	268,918,000	244,764,000+	8%

Agricultural Survey

Threshing Delayed in West
Grain Prices May Stiffen
Apple Exports Begin
Potato Crop Larger

ADVICES from the West early in the month, while indicating unusually cold and damp weather and delay of threshing operations, did not take a very serious view of the situation; in fact, the growth and filling out of the late grain was expected to benefit by the weather conditions. However, from the end of August up to the middle of September threshing had been intermittent, much of the grain being in stook, of which it is understood about 2 per cent. has sprouted. This estimate of the damage, of course, may be overdrawn, but then again, it may possibly be greater. Moreover, the quality of the grain was affected and this will result in a decrease in the returns received by the farmer. On Monday last, despatches from various points in the West stated that threshing had been resumed, but it is not expected to be general until the end of this week.

Higher Grain Prices Expected

Prices on the Winnipeg Grain Exchange during the past week fluctuated considerably owing to the many conflicting crop reports and the lack of export demand. Quotations on the 18th inst. for No. 1 Northern wheat were as follows: cash, $1.39¾; October option, $1.34¾; May option, $1.36⅝. These prices compare with $1.44⅝, $1.43⅜ and $1.36⅛, respectively, on the same day a week ago. A stiffening of price may be looked for as a result of the publication by the International Institute of Agriculture of the estimated wheat yield of the important producing countries of Europe, with the exception of France and Russia. The total wheat production of nineteen countries for this year is 960,694,000 bushels, against 1,023,823,000 in 1925, a decrease of 63,000,000 bushels. Some slight losses were also registered by other grains.

A steadier tone was noticeable in the market for dairy and livestock products during the past week. September-made cheese was in strong demand, owing to the fact that it is of a superior quality than earlier makes and in consequence of which the supply has been fairly well sold up, with prices generally showing an advance. The undertone to the market for butter was also stronger, prices on the Montreal market showing a net gain of from 3 to 4 cents. Export shipments of butter and cheese, while showing some improvement, are still below the shipments of this time last year. The local demand for cattle on the Winnipeg, Toronto and Montreal markets is a little better. The export movement shows no material change.

Apple Crop 96% Normal

A revised estimate of the commercial apple crop, issued by the Department of Agriculture, shows a drop of 3 per cent. over the August estimate and indications now point to a yield of 96 per cent., or 2,771,900 barrels, as compared with 2,883,400 barrels in 1925. Quebec reports a crop twice as large as last year, while British Columbia expects an increase of at least 30 per cent. Ontario, New Brunswick and Nova Scotia report decreases ranging from 33 per cent. for Ontario to 15 per cent. for New Brunswick. The quality and cleanness of the fruit, however, is generally good and it is expected that there will be a larger quantity available for export than was the case last year. The first export shipment from Nova Scotia went forward on September 10th. England will probably be a heavy purchaser of Canadian apples this year, owing to the shortness of her own crop.

Potatoes Up To Expectations

The potato crop continues to keep up to expectations, the last estimate being 43,130,000 cwt., as compared with 42,379,900 cwt. for 1925. This is made up with Prince Edward Island, 3,405,000 cwt.; Nova Scotia, 2,833,000; New Brunswick, 4,321,000; Quebec, 13,769,000; Ontario, 8,916,000; Manitoba, 2.248,000; Saskatchewan, 3,015,000; Alberta, 2,764,000 and British Columbia, 1,859,000.

Most of Wheat Threshed Through Saskatchewan

Special Correspondence.

REGINA.—Practically all the wheat has been cut but a small percentage of the coarse grains and some flax still remain to be cut, according to telegraphic reports received by the statistical branch of the Department of Agriculture. Threshing has proceeded very slowly due to dull, showery weather. The best progress has been made in the south central part of the province, where over 60 per cent. of the crop is threshed but in other parts less than 20 per cent. is completed. Snow and rain on Saturday halted threshing in the southern part of the province but, with clear weather prevailing, it was resumed this week. Cases of sprouting are reported in various parts of the province but on the whole the damage from this cause is not great. Bleaching in some parts may cause a loss of one or two grades and there are few places where early frost has affected the grade. In most districts, it is expected that there will be sufficient feed for winter but in some places in the west central, winter fodder will be scarce. Potatoes in the south are generally reported better than last year but will be somewhat lighter in the north. Corn on the whole is a fair crop but generally shows the effect of early frost.

Frosts Causing Damage To Crops in Dominion

United States government summary of business conditions in Canada says:

"Light frosts, causing serious damage, have followed the protracted spell of wet weather in many parts of the prairie provinces. Canada's mining industries made continued progress during the first six months of 1926. The output of metals and non-metallic minerals (including coal, gas and oil) was valued at $98,395,788, as compared with $90,347,698 valuation of the production during the first half of 1925."

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British Firms Must Win Canadian Market by Canadian Methods

"We spent three thousand pounds on our exhibit at the Canadian National Exhibition and we haven't taken in a ha'penny. When I get back to the Old Country I am going to tell the manufacturers in my trade that the Canadian market is not worth the waste of time and money, that Canadians do not want high quality goods."

The man who made this statement is a director of one of the oldest established British firms in his field and he is chairman of the trade association in this field, numbering some 800 manufacturers. His firm accepted the invitation of the Federation of British Industries to put an exhibit in the British section of the Canadian National Exhibition, in Toronto, this fall. Elaborate plans were made for the exhibit; big business in the Canadian market was expected as a result of this introduction of one of the best known British lines in Canada.

The business did not follow. There was, in fact, little evidence of more than passing interest in the remarkable goods displayed. One president of a big Canadian retail concern stopped at the exhibit and admired the goods on display. "Certainly, we'll order," he said, but when his buyer came to the exhibit next day he was equally firm that no order could be placed. "They are not just what we want," he said.

Another firm offered a big order if the goods on exhibit were changed somewhat.

"I was never so amazed in my life," said the British director, in charge of the exhibit, telling of the incident. "We have been in business 150 years and we are recognized everywhere as the leaders in this trade. Everywhere, our goods are accepted as the final achievement in our line. We have never had to change the style of our goods to suit any market and we do not intend to do so now.

"This buyer said that he had just placed a big order in France, but he was anxious to trade in the Empire where he could. He offered to give us the order but he wanted us to change our designs somewhat for him. Of, course, we refused."

The director went on with his complaint against Canadian business men. "Your buyers are most extraordinary people." They expect that we will adjust our ideas to theirs. I never saw such a country as this. When we put our goods on display, we expect people to adjust their views to what we have to offer, but they do not do that in Canada. How can you expect us to make any progress in this market? You Canadians do not want the best. You want the kind of cheap trash the Americans turn out."

This most amazing statement was made exactly as it has been given. It tells its own story; the story of why many British manufacturers, trying to establish trade relations with Canada, fail utterly; and go home mourning their losses in Canada and decrying Canadians as un-British and willing only to trade with the United States. The incident recalls a recent speech in which Premier Stanley Baldwin got a hearty and appreciative laugh out of his English audience when he referred to the amazing fact that in America, he had heard they actually taught salesmanship to the young men and women.

There is another British manufacturer, whose goods have been sold in every part of the world, except South America. He was asked why he did not attempt to add that market to his many other markets. He replied: "I make it a rule in this business to visit all my markets at least once every two years. I do not mind going to India, to South Africa or to America, but I cannot stand the food and the climate in South America, so I do not intend to sell my goods there."

British manufacturers can sell in Canada only when they adopt the methods of marketing and selling that are used in this market. It is a case of doing as the Romans do. British manufacturers who come to Canada and hope to sell their goods here because they think their 200 years in business or their royal warrant will impress the Canadians and make them buy rather than be sold are doomed to disappointment. It is hard to make the British manufacturer see this. Some of them are a generation late in getting into the Canadian market because of this blindness.

A Canadian business man tells the story of how, in 1894, he approached, in a purely friendly spirit, the managing director of a London firm of soap makers and suggested that they offer their goods for sale in Canada. He made his suggestion because of his friendship for another man affiliated indirectly with the firm and without any desire of reaping business benefit himself. He offered to arrange for an agent and in other ways to facilitate the firm's entry into the Canadian market. All he got for his pains was a curt suggestion to mind his own business, the managing director being amazed that anyone should attempt to make suggestions as to how their business methods could be improved. To-day, thirty years after, this firm is battling for a foot hold in Canada, and doing so with some measure of success because it has adopted a plan of selling similar to the one it refused in 1894.

British firms that have gone about their selling in Canada properly have numbered a high percentage of successes.

One example may be mentioned out of the many. This is a firm of manufacturers of a particular type of building material. The firm has enjoyed a fine reputation in the old country for a generation. They have sold their goods in nearly every part of the Empire. But they never attempted to sell in Canada, because they know selling conditions here were different than in Australia, New Zealand, South Africa and other parts of the Empire, and as their demand was up to their production they had no need to come here. Last year they doubled their factory and decided to add Canada to their markets. Let us see how carefully they paved the way to establishing themselves here.

First, they sent their representative to Canada, a man who had been trained since boyhood in their factory, a young man, alert, aggressive and adaptable. He did not attempt to sell anything, but rather made a study of the market here. He discovered a number of things. He learned that the sizes that had been standardized for many years were not correct for Canada; that the colors, types of container, labels, etc., would have to be changed. He found that the unit of measurement was not suitable for Canada. Learned, too, that stocks of the product in different parts of Canada would be necessary. He learned that Canada would have to be won by degrees; first Ontario and Quebec, then the Maritimes, then parts of the west and so on. He discovered the advantage of provincial agents, each carrying adequate stocks.

Armed with this information, he went back to England, put the data before the directors of his company, convinced them of the necessity of changing their ideas to conform to the ideas of Canadian buyers and then came back to Canada with a stock of goods. Skipping over the details of his work here it can be said that in a few short months, he has achieved amazing success.

From his experience he gives a number of points British manufacturers must consider. He says:

"First, visit Canada and find out where the market differs from others where you have sold.

"Second, handpick your agents in Canada and require them to carry stocks.

"Thirdly, don't try to sell a dollar's worth of goods until your product has been adapted to the Canadian market in every detail as regards quality, colors, units of measurement, etc.

"Be prepared to give the utmost service. Use the cables frequently to keep big orders moving. Get to know your customers intimately.

"Have a man on the job who knows factory arrangements, who has been trained at home and knows the product and its process of manufacture from A to Z."

Following such simple, sensible rules as this, many British manufacturers have been successful in Canada. The recent Federation of British Industries exhibit at the Canadian National Exhibition numbered more successes than failures such as the one referred to in opening this article. It was in charge, incidentally, of a man who knows Canada having lived here for many years before returning to the Old Country.—B. M. Bellassis.

Mr. Bellassis was very optimistic on the subject of the Canadian market as a field for British goods and expected to see rapid headway made here by British firms adapting themselves to conditions in this market.

Late Wheat Harvest Slows Freight Traffic

For the first time in nine months the car loadings on Canadian Railways last week dropped below the corresponding figure for 1925. Total loadings for the week stood at 60,175 as against 62,602 for the corresponding week last year, but the cumulative total for the year stands at 2,087,000 an increase of about 12½ per cent. over the 1925 figure.

Fortunately, this slump need cause no alarm among those who watch this very reliable business barometer, because the decrease is due almost entirely to the extreme lateness of the crop movement, there being 5,200 less cars of grain loaded than at this time last year. The movement of merchandise which has been increasing steadily during the last year, continued with a slightly upward trend. Coal and ore movements were also greater, the increase due chiefly to activity in Eastern Canada. The very heavy slump in grain loadings comes of course chiefly from the West.

There has been a continuance of the wet weather that has retarded threshing, and furthermore the best crop estimates yet received are still 40,000,000 bushels below the splendid harvest of last year, which would account for a slightly lower volume of traffice. In the East, conditions have not been encouraging and the movement has been a slow and expensive one, due to the congestion at Montreal. This state of affairs has been aggravated by the British coal strike which has caused a shortage of ocean tonnage in the harbour.

Now Making Aluminum

MONTREAL.—Manufacturing of aluminum in the Saguenay district has actually begun at Arvida, the city founded by the American Aluminum Corp., and the product is already being shipped from the huge plants of the company, which are partly constructed. It is expected that next year at this time manufacturing of aluminum will be carried out nearly to the maximum presently planned capacity.

Rains Dispel Smoke; Sun Ripens Big Crop

Okanagan Has Record Yield of Apples, Plums, Pears, Etc., Improved in Quality When Rains Quench Fires and Let Sun's Rays Through

By STAFF EDITOR.

VANCOUVER.—Important increases in the fruit crop of the Okanagan and other districts of British Columbia can now be definitely reported on the basis of estimates of the horticultural branch of the provincial department of agriculture. The Okanagan apple crop will exceed 3,200,000 boxes, as compared with about 2,500,000 boxes for 1925, while there are also big increases for pears, plums and prunes, and a smaller increase for crabapples. For the other districts the figures also show increases of greater or less extent.

The government's latest and final report for the 1926 season states that the crop in the Okanagan was greatly benefited by late rains. These rains not only provided desirable moisture for the crop itself, but they quenched the bush fires, thus dispersing the smoke clouds, which had retarded the direct rays of the sun and interfered with ripening. Following the rain, also came cooler nights and generally favorable conditions for the ripening of a record crop of high quality fruit. In many cases estimates will probably be exceeded by figures of the actual pickings. The quality and the cleanliness of the fruit is generally very good with late weather conditions favoring improvement in coloring. The vegetable crop production for the Okanagan will also be well maintained this year.

Conditions in the Kootenay and other fruit districts have been similarly improved by rains and general satisfactory weather for the ripening of the late crop.

FRUIT CROP ESTIMATE IN BOXES

	Apples		Crabapples		Pears		Plums & Prunes	
	1925 Crop	1926 Est.	1925 Crop	1926 Est.	1925 Crop	1926 Est.	1925 Crop	1926 Est.
Okanagan	2,553,449	3,217,000	115,623	117,850	16,484	100,900	77,766	215,350
Kootenay	244,192	358,500	5,288	5,750	1,752	9,500	8,806	13,300
Mainland	12,766	20,000	.....	.....	1,970	6,000	7,420	25,000
Islands	48,652	30,000	829	1,000	5,325	8,500	5,667	6,000
	2,859,059	3,625,500	121,740	124,600	25,531	124,900	99,659	259,650

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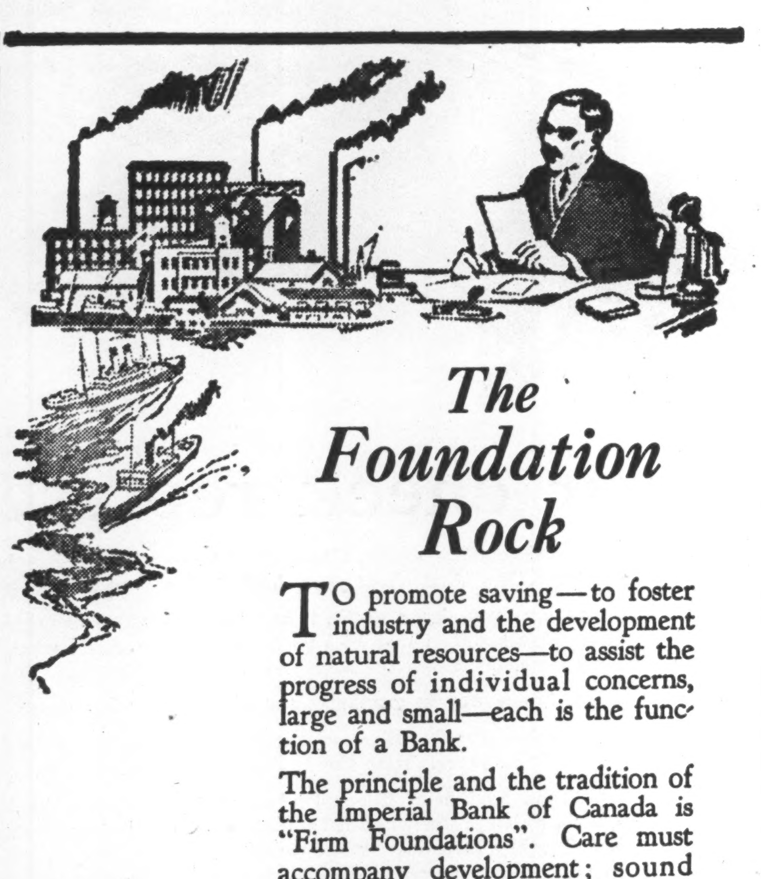

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Securities Markets

HEAVILY TRADED SECURITIES SELL OFF DURING WEEK

Losses Exceeded Gains For First Week in Long Time

MARKET INDICATOR

20 Industrial Stocks		
Week of Sept. 22	102.8	99.6
Week of Sept. 15	103.4	99.9
Month of Sept. 1925	82.8	76.9
9 Bank Stocks		
Week of Sept. 22	$226	$224
Week of Sept. 15	225	224
Month of Sept. 1925	215	211
10 Public Utilities		
Week of Sept. 22	98	96
Week of Sept. 15	97	95
Month of Sept. 1925	92	88

It is many weeks since losses on the Canadian stock exchanges have exceeded, in number, the gains. This week's record shows:

Gains	58
Losses	70
Unchanged	68

The market can not keep on going up forever without some reactions. The declines this week seemed to be due more to natural reaction in individual groups of securities than to underlying weakness. There were some ready to blame the stock market reactions on the results of the election. It has not been established though that elections generally have serious or marked effect on Canadian investment markets.

Bank Stocks were featured by considerable strength in several of the issues. No Canadian stock has yet touched a price where the yield to the investor is reduced to a five per cent. basis, but Bank of Montreal shares are not far from the point.

Paper stocks showed declines generally as the attention that has been given to them during the previous week ebbed somewhat. Every paper stock on the list is below the high point for the year, but also every one is well above the low points of early in the year. Paper stocks have advanced in value by an enormous amount this year although dividend rates have not followed suit. This is a time for cautious in-building of strength in the paper industry, its executives feel. They are taking the long range view, considering the depletion of their timber resources and setting aside ample reserves.

Steel stocks as a whole remained inactive, only Massey-Harris having performed in any spectacular fashion during the week. It touched a new high, as investors expressed their confidence in the immediate future prosperity of Canadian and foreign agriculture.

Milling and foodstuff securities had a week of rest. Milling stocks are likely to become more active as more definite forecasts can be made of the possibilities for export trade during the coming year.

Public utility securities were featured by heavy trading in both Montreal Power and Shawinigan, both of which moved in the only direction that they seem able to move—upwards, of course.

Traction trading centred around Brazilian which again attracted the major portion of the investment interest of the week. There was heavy buying from abroad while many Canadian holders took long profits. Winnipeg Electric was fairly active, maintaining its position.

Textiles still exhibit little tendency to activity. Dominion Textile in the week's trading sold off.

In the **general industrial** list, two stocks were active. These were Canadian Industrial Alcohol and National Breweries both declining.

	Gains	Losses	Unch.	Total
Banks	5	2	2	9
Paper	2	10	2	14
Steel	9	10	12	31
Foodstuffs	15	10	15	40
Utilities	8	10	10	28
Tractions	6	3	5	14
Textiles	2	8	4	14
Industrials	11	17	18	46
Totals	58	70	68	196

The weighted index number of the 25 best selling industrial and public utility common stocks on the Montreal and Toronto Exchanges computed by the Dominion Bureau of Statistics dropped to 211.2 for the week ending Sept. 18 from 212.0 for the preceding week. The weighted index number of the volume of stocks traded fell from 87.2 to 70.1, and that for the total value of stocks traded, from 184.9 to 148 for the same period.

Province of Quebec Has Satisfactory Year

From Our Own Correspondent

MONTREAL.—The financial record of the Province of Quebec for the fiscal year ending June 30 reveals a satisfactory situation. From the revenue account was deducted $1,000,000 with which to reduce the funded debt and, including this deduction, the surplus for the year amounted to over $500,000. The receipts from revenue and capital accounts, totalled $47,077,260 while the total expenditure amounted to $44,861,583, thus leaving a cash balance in the bank of $2,215,676.

The province obtained a record revenue from its forests and water powers amounting to $6,061,854. The Quebec Liquor Commission during its fiscal year turned over $5,339,394 to the government of which $3,500,000 came from its trade account and the remainder consisted of license fees.

Motor vehicles brought in a sum of $2,787,549 whilst the gasoline tax brought $1,012,003. Under the heading of "Extraordinary Receipts," La Banque Canadienne Nationale paid its annual amount of $131,250 on account of the advance of $15,000,000 made by the province to provide for the merger of La Banque D'Hochelaga and La Banque Nationale.

Canadian Bakeries' Meeting

The annual meeting of Canadian Bakeries will take place on October 8 in Winnipeg. The books will be closed from September 30 to October 9.

Again Adjourn Can. Investment Meeting for Unanimous Vote

The special meeting of shareholders of the Canadian Mortgage Investment Company this week was once more adjourned until Oct. 4th. The meeting was called for the purpose of placing before shareholders by-laws providing for an amalgamation of the company with the Debentures Securities Corporation of Canada. Alternative terms as a basis for the merger are being offered to shareholders. H. S. Osler, president, intimated at the meeting that proxies representing more than two-thirds of the stock had been received by the management, but they preferred to have the favorable vote unanimous by the time the next meeting takes place.

FAMOUS PLAYERS PROSPECTS NOW GOOD

Year Just Closed Reported as Having Been Very Satisfactory, Especially Last Half

First preferred shares of Famous Players Canadian Corporation, of which there are 4,200,900 outstanding, are singled out for attention by Watt and Watt, because at the current price of 91; the yield on the stock, which pays 8 per cent. per annum, is 8.8 per cent., and because the future of the company is regarded as bright. Incidentally, the preferred shares have equal voting power with the common.

The company began operations just ten years ago, with one theatre, the "Regent," in Toronto. To-day it has 82 theatres in operation in all parts of the Dominion. Under efficient management, it has in some regards benefited from the difficulties encountered by certain other theatre companies. These were absorbed and placed on a sound footing. While the Canadian company has the rights in Canada for the best film products of the United States, it has been emphasizing films with British themes and spirit, with pronounced success.

The theatre business reflects closely economic conditions. In spite of the depression that prevailed in Canada for several years, Famous Players made creditable earning records, and has paid preferred dividends regularly. The writer is informed authoritatively that while the first half of the company's fiscal year, just closed, was not satisfactory, the second half of the year showed such marked improvement that the year as a whole was better than the year before.

The company has enlarged its activities this autumn, among its new enterprises being the Uptown Theatre, which has been leased from Loew's Theatres, Toronto, and for which the company plans high-class film and musical presentations. The management anticipate a banner year in 1926-27, as a result of the marked improvement in economic conditions throughout Canada.

Manufacturers' Finance Bonds Are Insured

An insured collateral bond is the newest in investment and is now being offered by Housser, Wood & Co., and syndicate. This offering takes the form of a new issue of $600,000 Manufacturers' Finance Corp., 6 per cent. collateral trust gold bonds. The collateral pledged with the trustee for the security of bondholders is insured against all loss by a British insurance company. These bonds are being offered through Housser, Wood & Co., Toronto, and Breed, Elliott & Harrison, Detroit, Mich., at various maturities to yield as follows: maturities, 1927, to yield 5½ per cent.; maturities, 1928, to yield 5¾ per cent.; maturities, 1929-36, to yield 6 per cent.

Manufacturers' Finance Corp., which started business in 1923, with a paid-up capital of about $20,000, has grown through investment of additional capital and the reinvestment of earnings to a net worth, as at January 31, last, of $1,442,487. The principal business of the Corporation is a specialized form of commercial banking, supplementing the banking system of Canada. It acts as an intermediary between banks and manufacturers and dealers, selling on the installment plan by purchasing installment lien obligations arising from the sale of nationally-marketed products.

Net earnings for the fiscal year ended January 31, last, amounted to $124,213 against annual interest charges of this issue of bonds of $36,000. The ratio of net profits to the average capital employed during the past two years has been over 13 per cent.

$600,000
Manufacturers' Finance Corporation
6 per cent. Collateral Trust Gold Bonds.
Dated June 1, 1926. Due June 1, 1927 to 1936.

Company—Engaged in financing instalment sales by discounting lien notes.

Security—Direct obligation of company; collateral to face value of 125 per cent. specifically deposited; payment of notes deposited secured by credit insurance.

Assets—Total assets $2,042,487. Net surplus assets $1,442,487.

Earnings—Year to Jan. 31, 1926, net earnings, $124,213.

Capitalization—

8% pfd. stock	$1,358,390
Common shares ... shares	350,000
6% Collateral trust gold bonds	$ 600,000

Offered—September, 1926, by Housser, Wood & Co., Royal Bank Bldg., Toronto; and Breed, Elliott & Harrison, Dime Bank Bldg., Detroit. Price, par, yielding 6 per cent.

Aurora Matches Sells Preferred; Soon to Run

New financing has been arranged by Aurora Match Corporation and it is expected that the plant will be running, producing matches, early some time in October. New interests recently took over this enterprise and have reorganized the company.

An offering of $25,000 of 7 per cent. cumulative preferred shares, carrying a bonus of common stock in the ratio of two common with each share of preferred is being made. Authorized capital is $50,000 of preferred, of which $25,000 is being issued and 2,000 shares of common all issued.

Security behind the preferred is shown by balance sheet to be 150 per cent. exclusive of good will, etc.

Manager of the enterprise is A. M. McKinnon. Control rests with Aemilius Jarvis, Toronto. W. L. Shaw, of Newmarket and H. M. Walton, of Aurora. Sales arrangements have been made.

Iron and Steel

SYDNEY EXPECTS DUNCAN'S REPORT TO BRING RELIEF

Cape Breton Went Tory While the Country Voted Grit

From Our Own Correspondent.

SYDNEY.—Considerable interest is being shown in Cape Breton, particularly in Sydney, as to the effect upon the local coal and steel industries of the result of the recent federal election.

So far as any direct representation on the government side of the House is concerned, the island of Cape Breton is completely out of luck, having returned a 100 per cent. Conservative delegation to Ottawa. The mainland of Nova Scotia is in better position, having returned eight Conservatives and only two Liberals.

Mr. Meighen, at Sydney, promised "adequate protection" for steel, if returned to power, but Mr. King did not speak here, and consequently there is no direct recent statement from him as to his attitude.

Local hope for better times industrially, rests largely upon the forthcoming report of the Duncan Commission upon Maritime affairs. Mr. King has promised to give the report effect, and it is expected that it will contain recommendations as to both coal and steel.

Meantime, the steel mills are busy rolling rails for the C.P.R., and the coal mines are working steadily to fill the yawning holds and bunkers of scores of steamers that daily call at Sydney. Some of this trade is transient, and due to the British coal strike, but the St. Lawrence outlet is showing wonderful stability since the two-year peace between Besco and the miners made steady operations possible.

Canadian Car Promises Better Things in 1927

From Our Own Correspondent.

MONTREAL.—It is understood that the financial statement of the Canadian Car and Foundry Company for the year ending September 30, while better than last year, will be still far below the excellent record made two years ago. The year just closing, was productive of some good orders, but on the whole the volume was rather disappointing and certain expectations for business were not realized. It is generally thought that the outlook for the next year is very bright and that both volume of business and net profits will far surpass those obtaining this year.

Canadian Rail and Harbor Terminals Work Progresses

One of the largest and most modern terminal warehouses in the world, being built in Toronto by Parklap Inc., general contractors, for the Canadian Rail and Harbor Terminals, is progressing rapidly.

Construction work was started May 24, 1926. The warehouse, which will have a gross floor area of about 950,000 sq. ft., is ideally situated on the waterfront at the foot of York St., and has a land frontage of 1,074 ft. on Queen's Quay, and a dock front of 2,268 ft. consisting of 1,083 ft. on the south side, 540 ft. on the west side, and 645 ft. on the east side.

The L shaped warehouse will have a long wing 460 ft. by 200 ft. and a short wing 220 ft., the long wing being designed for dry storage and the short wing for cold storage.

The warehouse will be served by both the Canadian Pacific and the Canadian National Railways.

Ore receipts at the Trail Smelter of the Consolidated Mining & Smelting Co., for the period Sept. 8, to Sept. 14, totalled 13,676 tons, and for the year to date 406,284 tons.

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Activity In Vancouver
Two department stores are building great additions to their premises in Vancouver. Thirteen million dollars of new construction was begun in Vancouver for the first six months of 1926. Vancouver is a big, growing city and presents unique investment opportunities.
Write for Investment Lists.
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Standard Clay Products Earnings Show Strike

From Our Own Correspondent.

MONTREAL.—The annual financial statement of the Standard Clay Products for the year 1925 shows a reduction in operating profits of some $7,000 as compared with the preceding year. The total reduction in the volume of sales was lower by $24,142. The reason for the reduction in the earnings lies in the strike of the coal miners in Nova Scotia, which upset industry in that province for five months. The company has plants in New Glasgow, N. S., and St. John's, Que., and, as a result of the coal strike, there was a complete cessation of operations at the former for over 40 per cent. of the year. Taking this unfavorable factor into consideration, the company's earnings may be regarded as satisfactory.

Earnings on the common stock amounted to 3.8 per cent., and justified the declaration of the 2 per cent. dividend, which was paid in February of this year as usual. The earnings on the common stock in 1924 amounted to 4.8 per cent.

Profit and loss accounts over the past two years compare as follows:

	1925	1924
Operating profits	$125,827	$132,678
Bond interest	45,000	45,000
Depr. and depl.	51,851	51,574
Net profits	$ 28,976	$ 36,103
Surplus after allow. divids. of $15,000, pay. Feb. 15th, of following year	13,976	21,103
P. & L. Surp., as of Dec. 31st	70,824	56,848

Canadian Pacific Ry. Borrows at 4.77 Per Cent.

From Our Own Correspondent.

MONTREAL.—To finance the purchase of further steamships for the Atlantic service now under construction, and to provide funds for building new branch lines and other corporate purposes, the Canadian Pacific Railway has sold an issue of $20,000,000 collateral trust, 4½ per cent., 20 year bonds.

The bonds have been offered on the New York market by a syndicate headed by the National City Co. and including the Bank of Montreal, at 96½ to yield the investor 4.77 per cent.

The bonds are secured by $25,000,000 4 per cent. consolidated debenture stock which has been deposited with the trustee for the bondholders. The interest on the debenture stock is a first charge, subject to interest on certain underlying obligations aggregating $38,641,725, upon the net earnings and special income account of the company. The railway earned its fixed charges 3.57 times in 1925, and over the past ten years earnings have averaged 4.8 times the fixed charges require-

$20,000,000
Canadian Pacific Railway Company
4½% Collateral Trust Gold Bonds.
Dated Sept. 1, 1926. Due Sept. 1, 1946.

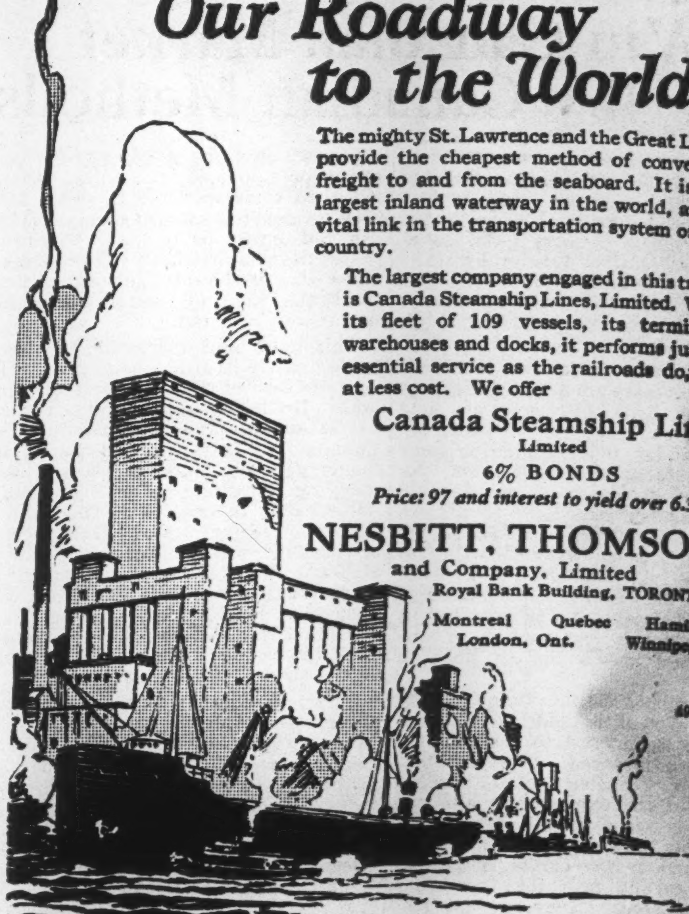
Company — World's largest transportation system.

Security—Direct obligation secured specifically by deposit of $25,000,000 4% consolidated debenture stock.

Assets—This issue has priority over preferred and common shares with market value of $510,000,000.

Earnings—Totalled $51,512,150 in 1925, available for fixed charges, including this issue, of $14,438,517.

Offered—September, 1926, by National City Company of New York and Bank of Montreal. Price 96½. Yield 4.77 per cent.



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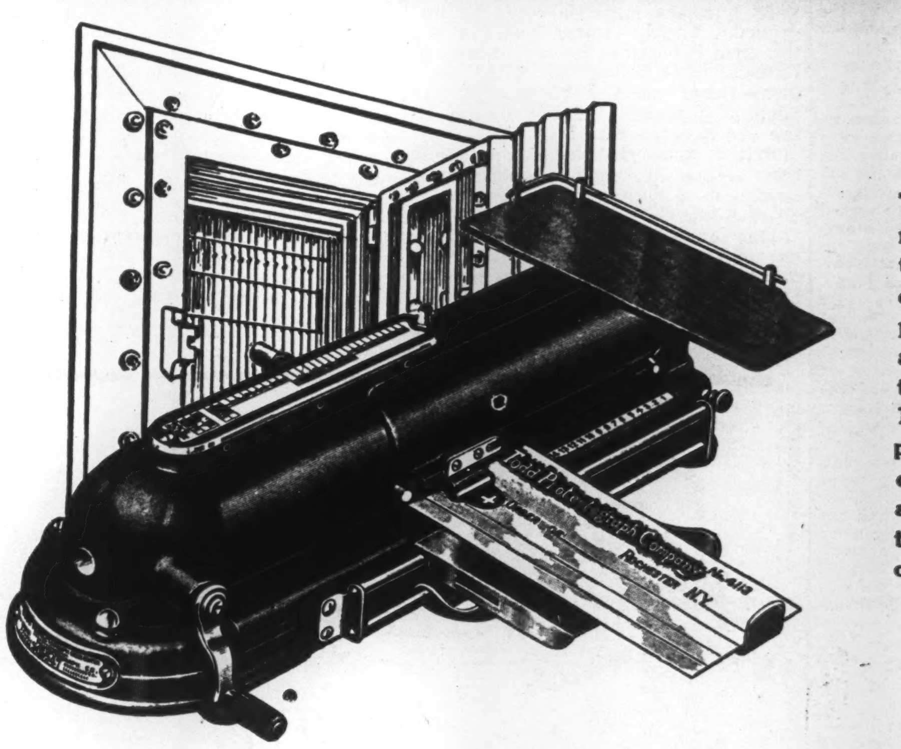

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Food Products

CAN. BAKERIES MEETS WHAT WAS EXPECTED OF IT

Earnings For Year Said To Be $3 on Class "A" Stocks Out

The results of one year's operations seem to have amply justified the expectations of those who promoted the Canadian Bakeries merger last year. The first fiscal year which ended on September 1 has apparently justified the hopes of the management with regards to the benefits and economies of consolidation in the Western baking field. Earnings are reported to be approximately $250,000 which is the amount estimated in the original prospectus. This means that after meeting all charges, including interest and dividends on both classes of preferred stock, there will be available about $3 per share on 20,000 shares of class "A" stock outstanding.

Outlook Said to be Favorable

The outlook for the coming year is a favorable one, due to the consolidations of plant management that have taken place during the year, and its resulting increase in efficiency and reduction in overhead costs. According to those in close touch with the company the next twelve months should be very profitable ones for the company, now that the organization has been properly rounded out.

Canadian Bakeries which was a merger of the five largest bakeries between Regina and Vancouver, operates ten plants with a weekly capacity of 1,400,000 loaves of bread, and a weekly average output of approximately 650,000 loaves.

Several Classes of Securities

The company's capitalization consists of $800,000 in 6½ per cent. bonds, $1,000,000 in first preferred cumulative stock and $1,000,000 in second cumulative convertible preferred stock, both at 7 per cent. There were also two issues of common stock, Class A, a no par value issue amounting to 20,000 shares, and Class B, a non-voting stock for conversion to second preferred stock, on the basis of two shares of Class B for one share of preferred. The bonds and first preferred stock were sold to the public, and the second preferred was given in part payment of the plants taken over. The first preferred and Class A common shares are listed on the Toronto stock exchange and have found a ready market. The preferred is quoted at about 94 and the common which was at its lowest May (about 27) is now quoted at about 35.

Canadian Salt Company's Outlook for Year is Good

From Our Own Correspondent.

MONTREAL.—Investors in the Canadian Salt Company will be interested to note that the total value of salt sold in Canada during the first half of 1926 amounts to $708,664, as compared with only $650,965 during the same period of last year. The total sales during the period amounted to 124,921 tons; of this figure, Ontario produced 120,524 tons. There is no doubt that the Canadian Salt Company obtained its proportion of the increased output in that province.

The company's year concludes with the calendar year and thus, the increased consumption during the first six months of 1926 augers well for the earnings which the company will show at the conclusion of the twelve month period. The Canadian Salt Company's gross earnings for many years have shown satisfactory increases and during 1925 it earned 13.73 per cent. on its common stock.

Telfer Biscuit Plans Share Reorganization

Shareholders of the Telfer Biscuit Company, are asked to ratify a proposal of directors involving reorganization of the company's financial structure. Both preferred and common shareholders are being asked to exchange their holdings for new no par capital stock on the following basis: Each preferred shareholder to receive two shares of the new stock for each share held, and each common shareholder to receive one share of new stock for each share held.

The present capital structure includes $400,000 par value $100, 8 per cent. preferred stock authorized, of which $200,000 were issued and some $160,000 shares sold, and $100,000 shares of common stock, par value $100, of which $60,500 were issued. The company has no bonded indebtedness. This was the result of a capital reorganization in 1922. Under the present reorganization plans the only issue will be 15,000 shares.

Arrears of dividends on the preferred stock amount to 22 per cent., no disbursements having been made since January, 1924, which was for the final quarter of 1923. Preferred shareholders are being asked to relieve the company of this obligation.

Practically no news regarding the affairs of the company have been made public since the last reorganization.

P. A. T. A. To Raise Fund To Fight Legal Battles

The Proprietary Articles Trade Association, which is the organization formed by druggists, drug wholesalers and manufacturers to combat price cutting in that field in Canada will attempt to raise a $100,000 defence fund. The fund will be available to fight legal action brought against the association to test its legality.

Sir William Glyn Jones, head of the association, states that legal action will be taken right to the Privy Council if necessary. One writ has already been issued against the organization, this by G. Tamblyn & Co., of Toronto.

Current of Optimism About "Alcohol" Stock

From Our Own Correspondent.

MONTREAL.—While the Canadian Industrial Alcohol has only declared its regular dividend for the quarter ending September 30, yet the excellent earning record of the company seems to have brought about the fairly general assumption that the shareholders may expect to receive a higher return on their next dividend date. This dividend is payable on January 15 next and the shareholders will be better able to gauge the possibility of such larger disbursements at that date when the annual report for the year ending September 30, 1926, makes its appearance within a month or two.

Gotfredson Pays Dividend

The Gotfredson Corporation announce the declaration of the regular quarterly dividend of 37½ cents per share on the capital stock of the company. The dividend is payable October 15 to shareholders of record September 30.

Benson & Hedges Makes Distribution on Debentures

Misleading reports got out in London regarding the position of Benson and Hedges (Canada), but fortunately investigation proved that the company was not in the bad position pictured. The reports were due to misconceptions concerning the action of the directors in asking debenture holders to accept a pro-rata distribution on their shares. The debenture-holders are to be asked to take a pro rata distribution of the proceeds of the sale of certain assets, but the company continues to exist and the 8½ per cent. debenture-holder continues to be secured on the prosperous New York company and the unconditional guarantee of the English company.

A circular from the trustees, the British Empire Trust, has gone out to the debenture-holders, together with the notice convening a debenture-holders' meeting in London, to authorize the distribution of the net proceeds of the sale of any assets forming part of the debenture security to the holders pari passu and pro rata. The circular deals with the interesting point that counsel have advised that the proper course for the trustees is not to make purchases of the stock in market or by tender, which would have the effect of distributing the proceeds among some only of the stockholders, but to utilize the proceeds in making a pro rata payment to each holder.

Bank of Montreal Expands in Canada and Mexico

The Bank of Montreal has acquired the business of the Mexico City Banking Corporation, an American banking institution located in Mexico City. The office of the Mexico City Banking Corporation will be operated as a branch of the Bank of Montreal. designated "Avenida Francisco I. Marero" branch, in charge of F. H. Mifflen.

Another branch of the bank in Windsor, Ontario, was opened at 1417 Howard Avenue, designated "Howard Avenue" branch. R. A. Winter is in charge of the office at acting manager.

An office of this bank was opened in Rose Valley, Saskatchewan, as a sub-agency to Tisdale, Saskatchewan, branch.

A branch will be opened at Fife Lake, Saskatchewan, under the management of J. M. Smith.

Stock Market Record

WEEK ENDING SEPTEMBER 21

	Div. Rate	Yield Sept. 20	High for wk.	Low for wk.	Close Sept. 21	Close Sept. 14	Sales for wk.	Range, 1926 High	Range, 1926 Low
Banks—									
Commerce	12+1	5.85	222	220	220½	221	209	226	214
Dominion	12+1	6.15	211¼	210	211¼	209	302	219	207
Can. Nationale	10	6.32	158	158	158	158	29	170	157
Imperial	12+1	6.30	206	205	206	204	51	215½	200
Montreal	12+2	5.11	275	269	271	269½	369	275	251½
Nova Scotia	16	5.50	290	289	290	293	74	300	281
Royal	12+2	5.49	255	252	255	252	160	255⅛	248
Standard	12	6.12	..	...	...	...	...	200	190
Toronto	12	5.45	220	219⅛	219⅛	219	110	222	213
Paper—									
Abitibi, Com. (no par)	4	4.19	98	93	96	97½	8499	98	70¼
Do. pref.	7	6.30	111	111	111	109	1	116	106¾
Belgo-Can. pref.	7	7.00	100	98½	99½	99½	167	101	95¾
Brompton (no par)	.	...	34	33	33	33¾	2020	35¼	26
Laurentide	6	5.82	105¾	100½	102¾	105¾	9448	108½	81½
Price Bros., com.	2	2.68	75	74½	75	76	115	76¾	57
Do. pref.	6½	6.43	101½	100	101½	102	176	102½	95
Prov. Paper, com.	6+1	6.14	114⅝	114	114	114⅝	170	114⅝	100
Do. pref.	7	6.60	..	...	...	...	...	106½	100
Smith, Howard, com.	.	...	56	54	54	57	2041	58¾	38
Do. pref.	8	7.61	105	104	105	103	92	105	92¾
Span. River, com.	7	6.48	109¼	106½	107½	110½	2320	111¾	96½
Do. pref.	7	5.93	119	117	117	119	17	120	108
Wayagamack	.	...	100	98	98½	99	400	100	56
Steel and Steel Industries—									
B. E. Steel, com.	.	...	½	½	½	½	90	3½	¼
Do. 1st pref.	.	...	10	9½	10	15	245	30	9
Do. 2nd pref.	.	...	2¾	1⅝	2	3	1754	10¾	1
Can. Car. & Found., com.	.	...	42½	41	41	42	135	49	33
Do. pref.	7	8.09	87½	85½	87½	86	2960	87½	73
Can. Fairbanks, pref.	.	...	..	...	...	...	...	60	60
C.G.E., com. (par $50)	.	...	..	...	...	...	...	53	47
Do. pref. (par $50)	7	6.25	57¾	56	56	57½	25	60	53½
Can. Locomotive, com.	.	...	..	...	...	...	...	42	35
Do. pref.	7	8.40	85	83¼	83¼	85	45	89½	73
Canada Iron, com.	.	...	..	...	...	...	...	10	9
Do. pref.	.	...	..	...	...	...	...	42½	39
Can. Forgings, pref.	.	...	60	60	60	50	12	60	41½
Dominion Coal	.	...	52	51¼	51¼	52	57	52	40
Dominion Iron, pref.	.	...	..	...	...	...	...	24¾	5
Dominion Bridge	4	3.79	108	105	108	107	980	109	80
Dom. Radiator, pref.	7	6.89	..	...	...	...	...	103½	100¼
Dom. Steel Corp., pref.	.	...	16½	16½	16½	17½	35	25	10⅝
Ford Motor	10	...	..	...	...	...	...	622	500
McKin. Ind., c. (no par)	.	...	24½	24	24½	24	135	26½	15
Do. pref.	7	7.69	92½	91	92½	91¾	238	92½	87
Massey-Harris, com.	.	...	70½	66¼	70½	68	6195	70½	40
Do. pref.	7	7.00	101	100	100	100½	182	101	93
N.S. Steel, pref.	.	...	..	...	...	...	...	25	25
Ontario Steel, com.	4+1	6.36	78½	77	77	76½	125	78½	60
Do. pref.	7	6.89	101½	101	101	103	65	103	98
Russell Motor, com.	3	7.31	..	...	...	...	...	42	39
Do. pref.	7	7.77	91¼	91¼	91¼	90	10	93	76
Sawyer-Massey, pref.	.	...	..	...	...	...	...	13	5
Steel of Canada, com.	7	6.51	108	107	108	109	1169	109½	95⅛
Do. pref.	7	5.73	122	122	122	121	30	123	114
Milling and Foodstuffs—									
Arnolds, com. (no par)	.	...	22⅛	21	22	00	373	26⅝	18
Do. pref.	7	7.77	..	...	...	...	...	92	89½
Atlantic Sugar, com.	.	...	26	23½	25½	23⅞	1122	32⅞	21½
Do. pref.	.	...	..	...	...	...	...	88	75
B. C. Fishing	5	6.84	74	73	73	73½	1331	78	57¼
Can. Bread, c. (no par)	$2.50	2.80	93	88	93	93	210	95	53
Do. pref. (A)	7	6.30	111	111	111	111	10	112	105
Do. pref. (B)	7	6.65	105½	105	105½	107	109	107	96¼
Can. Canners, com.	.	...	13	13	13	13	61	15	12
Do. pref.	4	5.90	68	67	67¼	67½	692	70	60
Canadian Salt	8	6.40	125	125	125	125¼	10	145	124
Christie Bis. c. (no par)	.	...	..	...	...	...	...	63½	44¼
Can. Bak. c. (no par)	.	...	35	35	35	34	115	37¾	26½
Do. pref.	7	7.44	95	94	95	93½	78	96¼	92
City Dairy, c.. (par $25)	12	3.79	80	78½	78½	77⅝	150	82½	65½
Do. pref.	7	6.36	110	110	110	110	15	112	107
Cuban Can. Sugar, com.	.	...	3	3	3	3	50	5	3
Do. pref.	.	...	21	21	21	22	15	28	21
Dom. Stores, c. (no par)	$2.40	3.86	62	61	62	61	270	68	56
Do. pref.	8	6.89	..	...	...	...	...	116	106
Wm. Davies (A) (no par)	.	...	31	30	31	30	445	37¼	27½
Inter. Milling, pref.	7	7.07	99	99	99	98¾	33	105¼	98½
Lake of Woods, com.	12	7.50	161	160	161	164	36	175	139
Do. pref.	7	5.98	..	...	...	...	...	118	115
Loblaw, com.	$1.00	2.32	45	39½	44	40	412	45	29¾
Do. pref.	7	6.79	103	103	103	102	2	103	100½
Maple Leaf Mill., com.	.	...	73	72	73	71	185	88	50⅛
Do. pref.	7	7.29	97	96	96½	95¾	56	102	90
Ogilvie Flour, com.	5	2.50	200	196	200	200	328	200	165½
Do. pref.	7	5.98	117	117	117	118	153	125	117
Pure Gold Mfg. (no par)	50c	...	19½	19	19	20	70	23½	17½
Shred. Wheat, (no par)	75c	5.68	53⅛	52½	52¾	53	208	54	47½
St. Law. Flour, com.	.	...	32½	32	32	35	70	45	26
Do. pref.	7	8.38	..	...	...	...	...	84	80
Viau Biscuits, com.	.	...	27	26	26	27½	210	28	18
Do. pref.	7	7.95	88	88	88	87	5	89	85
Western Groc., c. (new)	.	....	28½	27¼	28½	25	85	28½	24
Do. pref. (new)	7	9.45	74	72	74	73	18	74	62
West. Can. Flour, com.	35c	...	..	...	...	...	...	19½	18
Do. pref.	6½	6.56	99½	99	99	99	38	99½	97⅜
General Industrials—									
Amer. Sales, c. (par $20)	4	6.15	..	...	...	...	...	70	54
Do. pref.	7	7.21	97	97	97	97	44	98	92
Asbestos Corp., c., (new)	.	...	23½	22	23	21¾	6352	24½	16½
Do. pref. (new)	7	8.80	79½	77	78	79	2603	79¾	62
Building Prod., pref.	7	7.69	91	91	91	91	5	91	83
Brant. Cord. pf. (par $25)	8	7.84	25½	25	25	25¾	381	27½	24½
Burt, F. N., com.	12	5.31	56½	56	56½	57¼	70	67½	50
Canada Cement, com.	6	5.50	110	108	110	109	1174	111½	98
Do. pref.	7	6.14	114	113½	114	115	95	120	113
Cons. Rubber, pref.	7	8.00	..	...	...	...	...	87½	86½
Can. Ind. Alc. (no par)	$1.28	5.75	24¼	20¾	21¾	24	19852	24½	16¼
Crow's Nest Coal	6	8.82	..	...	...	...	...	85	51
Dom. Glass, com.	7	7.86	91	88	88	93	988	105	85
Do. pref.	7	6.66	105	104½	104½	104½	40	111	104½
East Theat. c. (par $25)	.	...	30	30	30	28	71	30	18¾
Do. pref.	7	7.52	..	...	...	...	...	93	83
Famous Players, com.	.	...	16	15½	15½	16	4	18½	11
Do. pref.	8	8.69	92½	92	92½	91½	331	94¼	88
Gilman, com.	6	4.72	127	127	127	125	15	127	104½
Do. pref.	7	5.45	130	126	128¼	130	48	130½	113½
Goodyear Tire, pref.	7+3½*	7.29	96½	92	95	99	317	99¼	85
Holt Renfrew, pref.	7	8.14	..	...	...	...	...	90	84½
Holt Renfrew, com.	.	...	30	30	30	27	75	30	26
King Ed. Hotel	.	...	31	31	31	31	22	41	25
Kelvinator, com. (no par)	.	...	15½	15	15	15¼	105	20½	14
Do. pref.	7	7.52	93	93	93	92	10	93⅞	88
Lyall Construction	.	...	39	39	39	39	135	48	20
Nat. Brew., c. (par $25)	4	5.79	71	68	69	72	8650	72	56
Do. pref.	7	6.60	105	105	105	106	50	110	104
National Brick, com.	.	...	8	8	8	8	15	12½	8
Do. pref.	7	...	..	...	...	...	...	72	60
Pacific Burt, com.	6	6.38	94	91½	94	94	35	110	90
Do. pref.	7	6.79	..	...	...	...	...	110	102
Port Hope San., com.	3	3.00	100	100	100	99⅞	60	100	74½
Do. pref.	7	6.86	..	...	...	...	...	105	99
Rogers, Wm., com.	.	...	62	62	62	62	25	67	45
Do. pref.	7	7.36	96	95	95	96	12	97	90
Sher.-Williams, com.	6	4.05	148	136	147	137	677	148	125
Do. pref.	7	6.14	115	115	115	114	5	115	110½
Sterling Coal	4	10.56	39½	39	39	39⅛	40	43	37
Tooke Bros., com.	.	...	..	...	...	...	...	8	8
Do. pref.	.	...	61	60	60	63	25	63	56
Tuckett Tobacco, com.	4	6.34	63	63	63	63	10	65	58
Do. pref.	7	6.82	102½	102¼	102¼	102½	20	105	100
Woods Mfg., com.	.	...	..	...	...	...	...	48	38
Do. pref.	7	8.04	87	87	87	87¾	7	90	77¾
Standard Chem., pref.	.	...	..	...	...	...	...	9	6
Can. N. W. Land	.	...	20	20	20	19	70	21	19
Transportation—									
Can. Pacific Rly.	10	6.06	167	163½	164½	167	175	169	147
Can. Steamships, com.	.	...	29½	27½	28	28¾	1657	30	11
Do. pref.	.	...	89¾	88½	88½	87½	6359	89¾	56
Do. voting	.	...	28¾	28¼	28¼	29⅝	225	29⅝	11
Textiles—									
Can. Conn. Cotton, pref.	4	...	..	...	...	...	...	49	37
Can. Converters	7	7.44	94	93½	94	94	206	95	90
Can. Cotton, com.	8	6.92	..	...	...	...	...	124	113
Do. pref.	6	6.38	94	94	94	95	5	99½	93½
Can. Woollens, com.	.	...	6	5	5	7	20	8	4
Do. pref.	.	...	48	47½	47½	48	33	50	45
Dom. Textile, com.	5	5.29	95	93	94½	98	3110	99⅛	89
Do. pref.	7	5.93	118	118	118	117	30	122	115
Monarch Knitting, pref.	.	...	30	30	30	45	7	50	30
Montreal Cottons, com.	6	5.40	111	111	111	112	6	112	102
Do. pref.	7	6.16	113½	113½	113½	115½	27	115½	110
Penmans, com.	8	4.21	190	188	190	188	140	191	173
Do. pref.	6	5.88	..	...	...	...	...	104½	101½
Wabasso Cotton	4	5.40	74	74	74	75	41	79	60
Utilities—									
Bell Telephone	8	5.71	140¼	138¾	139¼	139	386	141	136
Calgary Power	.	...	..	...	...	...	...	52½	51
Consumers Gas	10	5.83	171¾	171	171	173¼	139	183⅞	170
Inter. Util. (A) (no par)	87¼	...	..	...	...	...	...	38½	30½
Con. Gas rights	.	...	..	...	...	...	...	485	390
Cedar Rapids	.	...	..	...	...	...	...	50	40
East Koot. Power	.	...	..	...	...	...	...	32	25
Jamaica Pub. Ser. pref.	7	7.21	97	97	97	97	21	99¼	96½
Laurentide Power	5	4.34	115	114½	115	115	140	115	100
Mackay, com.	7	5.24	133¾	132	133½	134	59	138½	129
Do. pref.	4	5.63	71	70	70½	71¼	395	73½	68¾
Mexican Light, com.	.	...	30	30	30	30	25	31⅞	29
Do. pref.	.	...	82	82	82	83	20	86	64
Mont. L. H. & Pr., com.	.	...	74¾	71¾	73⅞	72	24822	74¾	59
Do. pref.	.	....	50¼	49⅞	50⅛	50¼	4730	50½	48⅛
Montreal Teleg. (par $40)	8	6.53	..	...	...	...	...	51½	48
Ottawa L.H. & P., com.	6	6.28	95½	95½	95½	97	82	100	92
Do. pref.	6½	6.37	102¼	102	102	103	13	105½	100
Quebec Power, com.	6	3.75	160	141	155	139	1808	160	113
Do. pref.	7	6.14	114	112½	114	113	54	116	109½
Shawinigan	8	3.52	227½	219	227	218	2638	227½	167½
South. Can. Pr., com.	2.00	2.16	92½	92½	92½	92¼	50	98	81
Do. pref.	6	5.94	101	100	101	101	5	104¼	99
Ottawa & Hull Pr., com.	.	...	..	...	...	...	...	30¾	25
Shawinigan Rights	.	...	7¾	7	7½	7	13334	7¾	6½
Tractions—									
Barcelona (par $50)	.	...	38¼	37¼	38¼	38	130	40½	26
Brazilian, com.	5	4.18	123½	118⅛	122¾	115¾	84809	123½	80
Do. pref.	6	5.71	106½	105	106½	106½	895	106½	97½
Detroit Un. Rly.	.	...	1½	1½	1½	2	100	3½	1½
Duluth-Superior	.	...	31	30½	30½	30¼	80	33¼	25
Illinois Traction, pref.	6	6.00	..	...	...	...	...	100	96¼
Montreal Trams	10	5.84	173	171	173	171	20	178	159
Ottawa Traction	4+1	7.46	67	66	67	66½	402	67	60
Porto Rico Rlys., com.	.	...	..	...	...	...	...	47	40
Do. pref.	7	7.77	90	90	90	90	5	91	85½
Twin City, com.	5	7.24	69	67¼	68¾	69¼	617	79½	67¼
Do. pref.	7	6.86	..	...	...	...	...	103	102
Winnipeg Elec., com.	1	...	59¼	57½	58¼	57 ½	4382	60	45¼
Do. pref.	7	6.93	101½	100	100	102½	45	103	95
Trust and Loan—									
Central Canada	12	...	..	...	...	...	...	210	210
Can. Landed (par $50)	10+1	6.06	90¾	90¾	90¾	92	96	100	90
Can. Permanent	12	5.74	209	208	209	211	14	211	202¼
Colonial Invest.	6	...	..	...	...	...	...	7	4
Hamilton Prov.	10	6.36	..	...	...	...	...	157	157
Huron & Erie	7+½	5.63	..	...	...	...	...	133	127½
Landed Banking	9	5.76	..	...	...	...	...	156	150
Montreal Loan (par $50)	12+1	6.50	..	...	...	...	...	50	50
National Trust	12	5.00	..	...	...	...	...	245	232½
Ontario Loan (par $50)	11	5.28	..	...	...	...	...	106	103½
Real Estate Loan	7	7.76	90⅛	90⅛	90⅛	90	4	90⅛	85
Toronto Gen. Trusts	12	5.33	..	...	...	...	...	225	220
Toronto Mtge. (par $50)	10+1	5.61	..	...	...	...	...	100	93½
Union Trust	7	6.76	..	...	...	...	...	103⅜	98

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* On arrears.

THE CURB MARKET

Andes Pete	.	...	..	...	...	...	...	6⅝	6⅝
Attendu Eng.	.	...	30	29	29	29	215	43¼	7
Beacon Oil	.	...	18¾	18½	18½	18⅝	495	19½	14¼
Belding, pref.	7	8.64	81	81	81	80	50	101	75
Brit. Amer. Oil (par $25)	10	4.34	58¼	56¾	57	58⅛	1137	60	47
Can. Nor. Pr., com.	.	...	..	...	...	...	...	30	28
Can. Oil, com.	1¼	...	..	...	...	...	...	91	65
Do. pref.	8	7.01	114	113	114	113	34	114	100
Cockshutt, pref.	.	...	72½	71¼	72½	71¾	550	73	57¼
Continental Oil	1.00	...	20	20	20	20½	1	26	20
Dom. Eng.	.	...	..	...	...	...	...	90	65
Dryden Power (no par)	.	...	10½	9½	10½	10	741	11	5½
East Engineering	.	...	..	...	...	...	...	2½	1
Eng. Elec., com. (no par)	.	...	..	...	...	...	...	24½	15
Do. pref.	.	...	75	74	74½	73	21	75	59½
Good. & Worts	.	...	36¼	33	35⅝	33	12100	36¼	27½
Illinois Power, pref.	7	7.10	98⅝	98	98⅝	99¼	354	99¾	96
Imperial Oil	1.00	2.73	37⅛	35¾	36	37	3989	38½	32½
Inter. Petroleum	75c	2.24	34½	32⅞	33½	33¼	886	35½	29¼
Manitoba Power	.	...	41½	40	41	41½	92	43	24
Newsprint Co.	.	...	..	...	...	...	...	27	18
North Star Oil, c. (par $5)	.	...	..	...	...	...	...	125	75
Do. pref.	7	...	4.80	480	480	485	400	490	450
Nor. Mex. Po., com.	.	...	47	47	47	50	35	55	40
Do. pref.	.	...	..	...	...	...	...	85	84½
N.S. Car, com.	.	...	13	13	13	13	125	15	5
Page Hersey, com. (new)	$2.00	...	48	46¾	48	46¾	460	49	43
Do. pref. (new)	$1.75	6.66	105	104	105	104½	310	105	100½
McColl Oil, com.	.	...	24¾	23	24	23	1275	24¾	81⅛
Do. pref.	.	...	99¼	99	99	99	56	99½	99
Paton Mfg., com.	.	...	..	...	...	...	...	55	50
Do. pref.	.	...	..	...	...	...	...	99	75
Power Corp. (no par)	.	...	24¼	23½	23½	24	68	28¼	22
Pressed Metals	.	...	38	35	38	40	53	40	30
Simpson, Robt., pref.	6	6.00	100	100	100	100	2	102	99
St. Law. Pr. (no par)	.	...	45	45	45	47	75	50	35
St. Maurice Pr.	.	...	83½	80	83½	78	128	83½	72½
St. Maurice Valley	.	...	63½	62	63½	63	210	65	40
Toronto R. S.	.	...	1.65	160	160	165	600	165	110
Un. Secs., com.	.	...	50	50	50	50	3	65	50
Do. pref.	6	5.85	..	...	...	...	...	105	102
Volcanic Oil	.	...	..	...	...	...	...	29	26

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Can. Westinghouse, com.	167	171
Cosgrave Brewery	3½	4¼
Cosmos Imp. Mills, com.	12½	15
Dom. Power, pref.	97	99
Farmers Dairy, com.	45	..
Dunlop Tire, pref.	80	85
B. Greening Wire, pref.	92	95
Gunns, Ltd., pref.	29	31
King Edward Hotel, Deb. A.	77	81
King Edward Hotel, Deb. B.	57	61
Loew's Buffalo, pref.	50	60
Loew's London, com.	3	3½
Pure Food, com.	32	34
Mount Royal Hotel, pref.	36	39
Nat. Grocers 1st pfd.	..	95
Nat. Grocers, com.	5	8
Willard's pref.	..	71
Capital Life 25% paid	20	25
Continental Life 20% Paid	35	38
Crown Life	122	..
Empire Life	27	..
Excelsior Life 29% Paid	58	65
Great West Life	460	..
Imperial Life	325	..
Monarch Life 10% Paid	28	31
Mortgage Discount, pref.	6.9/10	7¼
Ontario Equitable	..	24
Re-Insurance	..	24
Security Life 40% Paid	28	32
Sherbrooke Trust	110	..
Sovereign Life, 25% Paid	28	32

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Bescoby Cartage Toronto
Phipher Bros. Toronto
Wm. Woollatt & Sons Walkerville
J. H. Black Toronto
Walter M. Lowney Montreal

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H. H. Leather Hamilton
J. R. Clogg & Co. Montreal
Geo. E. White & Sons Windsor
Wesgates Ice Cream Co. Ford
A. Welch & Sons Toronto
Williamson Lumber Co. Toronto
Wm. Davies Co., Ltd., Montreal
Purity Ice Cream Co. Montreal

Canada Malting Co. Montreal
Wight & Co. Toronto
C. Gurd & Co. Montreal
Reids Bus Service Windsor
Dominion Express Co. Montreal
Canadian Metal Co. Toronto
F. W. Thomas & Son Liverpool
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J. M. Deluca Port Dalhousie
Misner & Jones Hamilton
W. A. Goodale Hamilton
Windsor Creamery Windsor
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PAST GOSSIP ON LAURENTIDE STOCK CALLED NONSENSE

President Says Merger Talk is Without Any Foundation

From Our Own Correspondent.

MONTREAL.—The annual meeting of the Laurentide Company, unlike most other annual meetings, usually holds something of real interest for the shareholders; this year the statement by George Chahoon, Jr., the president, that no other interests had approached the company, either with a view to amalgamating or to purchasing the property, was the chief item of interest as for many months rumors have been constantly circulating indicating that Laurentide was in the midst of merger negotiations. Moreover, Mr. Chahoon also stated to the press that his remarks applied also to the subsidiary. the Laurentide Power Company, as well as to the parent company. Thus, all the gossip of the past year has been proved to be without foundation.

Mr. Chahoon stated that the company was in excellent condition and that in the past year no loss had been experienced through forest fires, whilst the woods operations had been carried out in a highly satisfactory manner. When the time for the renewal of contracts comes round in November next, the president had no doubts that the company would get its fair share of business at that date.

The appreciation of the shareholders of the results which have been achieved was expressed by a vote of thanks to the directors and the management.

The statement of the president regarding mergers naturally has some bearing on the price of the company's shares. There are perhaps some shareholders who wish they had disposed of their stock when it touched 108 and had bought it in again at present levels. Many of these were firmly convinced that merger negotiations were taking place at the time the stock bounded upward.

Sells Only in Line

But on the other hand, taking into consideration the strong position occupied by Laurentide namely its stabilized earnings, its power subsidiary and finally the strength which is but meagrely revealed in the balance sheet, in selling at 108½ — or more —the stock is most certainly not selling out of line as compared with the extremely optimistic levels established by some of the other stocks in the newsprint group.

Then again, the company occupies a strategic position in the valley of the St. Maurice River; and, while no negotiations have taken place during the year, yet there is the possibility —some say the probability—that negotiations will take place in the future.

If they do take place, hundreds of guesses and estimates have been made about the price at which Laurentide would sell or amalgamate. The concensus of prevailing opinion seems to be that in this event the stock would be worth some $115 per share plus the company's interest in its power subsidiary. This places a sale value on Laurentide, as conditions are at present in the newsprint industry, of about $150 per share.

Those who thought of disposing, or did dispose of their Laurentide stock during the recent rise probably found that there were no other newsprint stocks selling at a price any more attractive than the Laurentide shares. The stock simply reflected the general market movement in its bouyancy.

B.C. Lumber Exports Show Another Increase

This should be a profitable year for lumber companies operating in British Columbia, judging by the report of exports for the first six months of 1926, which established a new high record for this period. To all markets, from January to June 30, the province shipped 368,505,343 feet of lumber, as compared with 263.911,823 feet in the corresponding months of last year, an increase of 45 per cent.

The rehabilitation programme of Japan and the larger volume of new construction on the Atlantic Coast, was responsible for most of the increase, while on the other hand the paucity of orders for railway ties from Egypt and India, the quietness of construction in California and the industrial depression in the United Kingdom account for the decrease in exports to those important markets.

The detailed report, issued by the Pacific Lumber Inspection Bureau of B. C., shows that lumber shipments to Japan increased from 29,778,446 feet in the first half of 1925, to 86,597,552 feet in the same period for 1926; Atlantic Coast, from 128.334,898 to 217,021,345; Australia, 12.188,343 to 16.209.878; South Africa, 2,789,740 to 8,715,092; New Zealand, 5.594,973 to 6,809,672; West Indies, 2.737,228 this year, as against none last year. The largest decrease was marked up by the United Kingdom and continent, which market bought only 15,081,401 feet this year, as compared with 37,348,282 feet last year. California also registered a considerable decline, having bought 7,871,344 feet, as against 17,730,240 feet last year. There was little or no difference in the exports to other markets.

Preliminary reports on production, new business and shipments of British Columbia mills since the beginning of the year up to and including August 21, contrast very favorably with the corresponding period of last year and there are many favorable signs to show that the volume of business transacted for 1926 will show an increment over 1925.

Brompton Adds Director

MONTREAL.—At a meeting of the directors of the Brompton Pulp and Paper Company, R. W. Steel was elected a director of the company. Mr. Steel is a partner of the Dominion Securities Corporation and is also the manager of its Montreal office.

EXPECT BIG PROFITS FROM PAPER MILLS

Rothermere Papers Make Investment in New Anglo-Canadian Paper Mills

At the annual meeting of the Amalgamated Press (the Rothermere papers) in London, the chairman, Sir George A. Sutton, made reference to the company's investments in pulp and paper in Canada.

He said:

"Owing to the company's large paper requirements your directors keep in close touch with the paper-making industry. Leading authorities in this industry view with concern the depletion of the world's pulpwood reserves brought about by the present huge demands for newsprint and the large increase in the production of artificial silk. On this account a paper-making undertaking that owns large timber limits from which to draw its pulpwood seemed to your directors to offer a promising field for investment.

"We, therefore, subscribed for 10,000 7 per cent. preference shares of $100 each in the Anglo-Canadian Pulp and Paper Mills, a new company formed with Lord Rothermere as its president. Ten dollars per share have been paid up and the balance of $90 per share is payable by instalments during 1927. The company has ample funds to provide for these payments. In consideration of subscribing for these preference shares we shall receive a bonus of 4,000 ordinary shares.

The Anglo-Canadian Pulp and Paper Co. has acquired vast timber limits on the north shore of the St. Lawrence River. These limits cover an area of approximately 2,237 square miles, and the quantity of pulpwood on them is estimated to be sufficient to produce 5,000,000 tons of paper, which is equivalent to 45 years' production of the proposed papermill.

The preference shares will give a satisfactory yield and the holding of the ordinary shares will ensure that we participate in the prosperity of the new company."

Wayagamack's Earnings Are at Very High Level

From Our Own Correspondent

MONTREAL.—The common shares of the Wayagamack Pulp and Paper Company in touching 100 reached their highest level in the past six years. The stock is considered to be high by many, but it is closely held and those who wish to purchase it have had to bid up. In view of the company's increased output of 200 tons of newsprint daily during the present year, coupled with bettered earnings from its kraft mill, it seems fairly obvious that dividends cannot be far away, especially as it earned over 11 per cent. on its stock last year.

Many guesses have been made as to just how much the company will earn during the current year. Perhaps the best estimates are those which take the 1925 earnings of $11.21 per share and then add to this figure the bettered results which have been obtained in 1926 through the improved markets for kraft pulp and paper; to the latter must be added the earnings from the 200 ton newsprint mill which has been turning out as much newsprint as possible since it first started operating at the close of 1925. From this, it will be seen that, while no dividends are being paid, yet the earnings must be running at an extremely high level indeed, and it is the earnings upon which the stock market always bases its estimates of value. In the meantime Wayagamack is finding wider markets overseas for its kraft paper.

Brompton's New Machine to Operate Over Capacity

From Our Own Correspondent.

MONTREAL.—While the new newsprint machine of the Brompton Pulp and Paper Company has a rated capacity of 110 tons daily, yet, like those in the new addition to the Belgo Canadian mill, Brompton's will produce paper with a width of 234 inches and when tuned up will turn it out at a speed of 1,200 feet per minute. Thus, it should be possible to obtain 120 tons daily from the new mill. From this rate of production, based upon additional earnings of only $10 a ton, Brompton should be able to increase its earnings by around $350,000 annually through the new mill.

Brompton is also making other additions to its property. A new bleaching plant is being installed at the Groveton mill of 70 tons daily capacity to replace the old plant which had a capacity of 35 tons only. At East Angus, the existing sulphate mill which was housed in a wooden building is being replaced by one of steel and brick construction and a new digester is being added to the equipment.

Thus, while the company's profits show an increase this year, the earnings should be still further augmented in 1927. Brompton's expansion in the future might include the development of some of its waterpowers of which it owns 15,000 horsepower on the St. Francis River; these might eventually be developed to supply a portion of the power requirements of the mills.

Perhaps Another Mill for Northern Manitoba

From Our Own Correspondent.

MONTREAL.—Preliminary steps have been taken by Eastern financial interests toward establishing a second large pulp and paper mill in Northern Manitoba; the project involves an expenditure of some $15,000,000. Before the development is assured, certain transportation difficulties will have to be eliminated; in the meantime, engineers are at present engaged in spying out the possibilities of the territory which has been selected as a site for the development. It is understood that both the Canadian Pacific and the Canadian National Railways have been approached by those behind the project with a view to obtaining railway facilities, but neither road has taken definite action pending the report of engineers.

International Paper Grows

MONTREAL.—Total woodlands owned and leased by International Paper Company in Canada and the United States now total 19,409 square miles. Raw material from these reserves was used to feed 40 paper machines which the company operated in 1925 for the manufacture of newsprint. The size and output of these machines is demonstrated by their total production of 353,880 tons of newsprint last year.

During the first half of 1926, 5 additional machines came into production of newsprint, making 45 in all; while 4 more machines, the largest in the world, are now under construction at the company's new Gatineau mill.

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J. K. L. ROSS; N. J. BREEN.
Secretary, M. H. HUTCHISON; Treasurer, T. F. McNALLY; Asst. Treasurer,
A. C. McMILLAN.

Extend Canada Paper Plant

WINDSOR MILLS.—Extensive additions are at present being made to the Canada Paper Company's plant here. This work involves an expenditure of about $149,000. The work comprises extensions to the finishing room, a new machine room, beater room and shipping room.

Alberta Now Produces Honey

LETHBRIDGE.—Estimate of the Southern Alberta honey crop this year brings the value up to $35,000 practically doubling last year's output. Most of the honey is produced in the districts of Lethbridge, Coaldale and Stirling.

Public Utilities

TRAFFIC GAINS ELECTRIC LINES BEST IN CANADA

Increases Better Than Are Being Shown in States

Business of Canadian electric railway systems is showing an increase which is not only substantial, but must be regarded as distinctly satisfactory by holders of their securities. For the seven months ending July, the increases in number of revenue passengers carried were from 2.46 per cent. to 6.36 per cent., as compared with corresponding months of 1925, the average being closer to the higher than to the lower figure. These increases compared with a general improvement for electric lines throughout the United States and Canada of .65 per cent. to 2.29 per cent. What is more, the improvement of the Canadian systems in 1926 followed a small improvement throughout the whole of 1925 shown at .19 per cent., whereas all systems in the United States and Canada during 1925 showed a decrease in passengers carried of .37 per cent.

Gains in July Near 6 Per Cent.

For the month of July the increase in revenue passengers carried by the seven Canadian systems reporting was 5.66 per cent, being higher than for any of the seven territorial groups into which the systems in the United States are divided. The average for all the systems reporting for the month was an increase of 1.48 per cent., decreases being shown by three groups — New England states, Northwestern states, and Pacific coast states—while increases were shown by states east of the Mississippi and in the southwestern area.

The improvement in the electric railway industry as a whole for July is regarded as very satisfactory in view of the fact that there was a slight decrease shown for July of 1925.

The marked increase of the Canadian electric systems is not only important in its bearing upon earnings but as an indication of the improvement in general conditions as reflected by street railway traffic

Per cent. change in number of revenue passengers carried by 212 electric railways compared with preceding year.

1925	All Companies	Canadian Companies
January	D1.28	D1.92
February	D4.70	D4.28
March	D2.54	D0.48
April	D2.14	D1.98
May	D2.10	D2.13
June	I0.60	I1.11
July	D0.44	D1.23
August	I1.08	I1.83
September	I0.59	D1.31
October	I2.50	I4.28
November	I3.03	I4.26
December	I1.39	I4.21
Totals	D0.37	I0.19

1926	All Comp'nies	Canadian Comp'nies
Jan. (211 Co.'s)	I0.65	I2.46
Feb. (209 Co.'s)	I1.15	I3.88
Mar. (209 Co.'s)	I2.29	I4.38
Apl. (209 Co.'s)	I1.93	I6.36
May (208 Co.'s)	I1.73	I5.57
June (207 Co.'s)	I1.83	I3.81
July (175 Co.'s)	I1.48	I5.66

Subsidiary's Expansion Shows Smelter's Growth

MONTREAL. — The West Kootenay Power and Light Co., a subsidiary of the Consolidated Mining and Smelting Co., will expend $3,000,000 in extensions to its present plant. Such work will give employment to approximately 600 men during the next two years. The work will consist of a hydraulic development of 60,000 horsepower, situated one mile below Lower Bonnington Falls on the Kootenay River. Work will begin almost immediately, as soon as low water permits construction of the coffer dam. The project, of course, indicates that the parent company requires more power in its operations and this substantiates the general expectation of further large mining developments by the parent company.

Public Utility Earnings

CANADIAN WESTERN NATURAL GAS, LIGHT, HEAT AND POWER CO., LTD.

Earnings for July, 1925	$34,097.00
Earnings for July, 1926	43,725.00
Earnings from 1st Jan. to 31st July, 1926	$714,409.00

B. C. ELECTRIC RAILWAY COMPANY

	1925	1926	Incr.
Total gross earn.	$945,452	$998,343	$ 52,891
Wk. ex., main. etc.	657,812	733,785	75,973
Net Inc.	287,640	264,558	x23,082
Aggr. Gross Earn. from 1st July to 31st July, 1926	$945,452	$998,343	$ 52,891
Aggr. Net Earn. from 1st July to 31st J. 1926	$287,640	$264,558	x$23,082
At $4.85 to £	£ 59,307	£ 54,548	£ 4,759

xDecrease.

JAMAICA PUBLIC SERVICE

July—	1926	1925
Gross Earn.	53,607	51,787
Net Earn.	21,301	19,363
Surp. After Charges	15,049	12,825

12 Mos. End. July 31—	1926	1925
Gross Earnings	642,390	600,017
Net Earnings	245,204	206,660
Surplus After Charges	169,789	125,934

Can. Western Natural Gas

	1925	1926	Change
January	$163,953	$138,443—	25,510
February	171,679	126,850—	44,829
March	148,335	111,770—	36,565
April	91,602	106,121+	14,519
May	61,584	52,898—	8,686
June	43,159	37,018—	6,141
July	34,097	43,725+	9,628
Agg. Earn. from 1st Jan. to 31st July	$714,409	$616,825—	$97,584

Monterey Railway Light

3 mos. to June 30, 1926—	Gross	†Expenses	Surp.
R. Light & P.	$240,298	$248,322	$x8,023
Water and Sew.	65,766	28,643	37,122
Total	$306,065	$276,966	$29,099
Aggr. Earn. from 1st Jan. 1926, to 30th June, 1926	$588,891	$554,246	$34,645

xDeficit.

†Including provision for renewals and obsolescence.

How Australia Has Solved Radio Mess

The radio situation has been satisfactorily met in Australia.

There the receiver rather than the broadcaster pays for the entertainment and news furnished over the air.

Every owner of a receiving set pays an annual license fee of $6. Of this sum the government keeps $1 and the remainder is divided among the broadcasting stations.

The Guardian is allotted $60,000 a year to operate its station. All political propaganda is barred, the broadcasts being limited to news, market and weather reports, and entertainment.

BRAZILIAN BUYING COMES FROM BELGIUM

Continental Investment Trusts Said to be Continuing Their Big Purchases

Toronto once held control of Brazilian Traction. Then Montreal and later Belgian interests came in. Stock has risen to new heights, almost touching 120 this week. Many of the older holders sold, taking long profits while buying for a big Belgium Trust, "Sidros," went on.

Other trusts across the sea have been accumulating Brazilian. Cellulose Holdings Corporation, affiliated with Sidros —the Société Internationale d'Energie Hydro Electrique—has also bought heavily in recent months.

The primary purpose of this huge accumulation of securities is not quite clear, but it is said that the Loewenstein interests usually accumulate with the ultimate object of control in view, and it is asserted, too, that they never make a mistake in their selections. The sharp advance in Brazilian common has brought the preferred to the fore. The preferred sold up to 106 yesterday, and was fairly active around that figure. The common is approaching a point where the convertible feature of the preferred may come into play, and it was said that a number of brokers were definitely advising the purchase of preferred for the specific purpose of eventually exchanging for common, as it is provided that 1 1-10 shares of preferred may be exchanged at any time for one share of common; in other words, six shares of preferred may be exchanged for five of common. Prevailing price levels do not warrant conversion, but many shareholders are satisfied to wait in view of the higher dividend return on the preferred, six per cent. against five on the common.

An interesting report has reached Canada from London that the Belgian syndicate, to which reference has been made recently, is credited with having purchased in the market practically one-half the capital stock of the company during the past few months. Whether this buying was done for European account or whether interests in the United States were buying into the company, is not yet apparent. There is even a rumor that the American Foreign Power Corporation, which through a subsidiary has been a heavy purchaser of certain power company's securities in the United States, has cast its eyes on Brazilian Traction as an enterprise with a big future.

In any event, the keen interest that has been manifest in Brazilian Traction, as a market security and as an operating corporation, shows no signs of abating, and the buying recently was of a nature that undoubtedly stimulated investor and speculator alike. From several directions come reports of future developments in connection with the company that would appear to indicate that the anticipation of a dividend increase from 5 to 6 per cent., early next year, does not begin to tell the whole story.

Constructive Developments in Quebec Power Soon?

From Our Own Correspondent

MONTREAL.—The breaking of new high ground by the shares of the Quebec Power Company is simply a reflection, of course, of the industrial developments which are taking place in and around the city of Quebec. Chief among these developments, of course, are the various pulp and paper mill projects in the environs of the city. Doubtless some of this business will be handled by Shawinigan, the parent company, but also a proportion will probably go to the Quebec Power Company and the rise in the stock has naturally brought the thought into the minds of investors that further expansions in the power field might be undertaken with new financing through an issue of stock to the present shareholders. If this be so, the issue of such stock would mean valuable rights for shareholders. It seems practically certain that constructive developments must be pending for the company when the demand for stock pushes it up 25 points.

Northwestern Utilities Increases Customers

From Our Own Correspondent

MONTREAL.—The Northwestern Utilities still continue to show good increases in the number of customers connected. At the end of last July there was an increase of approximately 20 per cent. in the number of customers served, as compared with the same period of the preceding year. The gross earnings of the company for the seven months' period ending July 31, 1926, show an increase of 8.8 per cent., and the net earnings show an increase of 6.7 per cent., as compared with the first seven months of 1925. The earnings figures are shown elsewhere in this issue.

East Kootenay Starts

MONTREAL.—Preliminary work has commenced on the new 6,700 horsepower steam auxiliary plant which the East Kootenay Power Company is erecting to take care of its peak-power requirements. Active construction work is to commence shortly.

Power Lines Grow in Quebec

From the beginning of the present year up to the 15th of August, over 4,000 miles of power lines has been authorized by the Public Service Commission of Quebec Province, as compared with less than 1,800 miles in the corresponding eight months of last year. Not only is the mileage of the line much higher, but the voltage is unprecedented.

CALGARY POWER READY TO BUILD BANFF RESERVOIR

Would Cost Million But at Present License is Withheld

By Staff Editor.

CALGARY.—The Calgary Power Company, now operating hydro plants on the Bow river and supplying wholesale power to the city of Calgary, is still ready to proceed with the construction of a power reservoir in the valley of the Spray Lakes, southeast of Banff.

The construction of a reservoir there would mean an expenditure of more than one million dollars and a great augmentation of water supply for the plants on the Bow River in the winter months—a period during which they are hard put to supply present needs.

These facts were made known by G. A. Gaherty, of Montreal, managing director of the Calgary Power Company, who is in Calgary on business. In making the announcement, Mr. Gaherty made it clear that he wanted to dispel the impression given by a newspaper report, to the effect that the company cannot now proceed with Spray development.

It will be remembered that the company first applied to the Dominion government for a license to develop Spray power six years ago.

Province Holds It Up

Agitation led the Province of Alberta to apply for a license. The Dominion government took the stand that Alberta should have priority, but demanded that the province, just as an individual or company, should demonstrate its good faith and ability to carry out proposed development.

According to the Ottawa officials, the province has failed to do this up to the present, therefore, a license has been withheld.

Ottawa officials have stated from time to time that under the laws of Canada they cannot grant the province a license in order that they may "deal" with it.

Delay Loses Business

The company's application is still before the department at Ottawa and they are prepared to demonstrate ability to carry out the proposed development.

So long has the company been delayed in their application that respective business has slipped away. The City of Edmonton has installed additional steam plant equipment and the East Kootenay Power Co., with hydro development at Elko, has augmented its plant with a steam auxiliary. If the full Spray Lakes development had gone through there is little doubt that the East Kootenay Co. would have been a customer of the Calgary Power Co.

Big Cost of Project

The full development of the Spray project would call for an expenditure of between three and one-half and four millions of dollars, calling for carrying charges of $300,000 annually. Substantial additional business is necessary to meet this charge and the company does not feel it could undertake the full development at present.

Mr. Gaherty intimates that the full development of the project is the ultimate aim of the company.

Meanwhile the company has built a small line to carry power to High River and it is expected that the supply will start about Dec. 1. Nothing further has been done in respect of the proposed line north to Red Deer and other towns.

West Kootenay Power Grows

NELSON.—Announcement of a third big development by the West Kootenay Power and Light Co, to cost $300,000, was made by L. Campbell, general manager of that company. This will be the hydraulic development of 60,000 h.p., one mile down the Kootenay River from the Lower Bonnington Falls, and work will be started immediately.

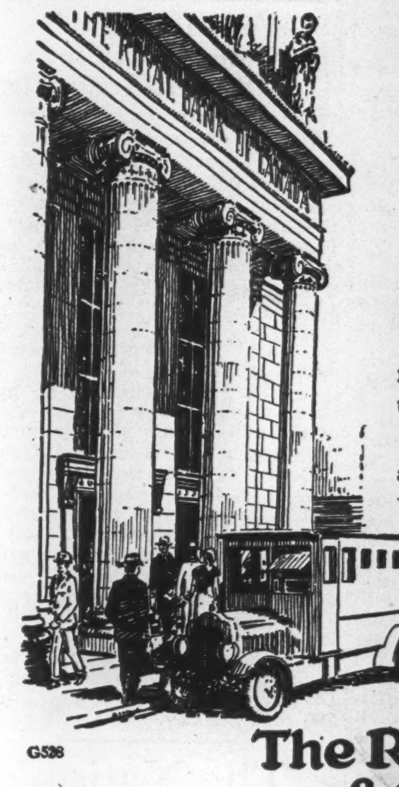
Brazilian Price Needs 8 Per Cent.

A writer in Stock Exchange Gazette, London, says: "As for Brazilian Traction, I think those who sold at 123 were not merely right, but lucky. The share has been discovered, the stuff is there to justify the price, and there may even be a melon cut, but I read it as years, melon or no melon, before there is the equivalent of at least 8 per cent. dividend, which is needed to justify the present price. The long letters from Canada tell us nothing that we did not know. I much prefer Brazil Traction at 122, all the same, to Barcelona.

Montreal Shares Up

MONTREAL.—The fact that the shares of the Bank of Montreal have made new high market levels is simply another indication of the general expectation of a continuance of the improved business which has been experienced during 1926.

The Bank of Montreal is not alone in the rise. Practically all the bank stocks have been moving upward and the market appreciation of this group of securities is perhaps one of the best indications that there is fair weather ahead for Canadian business as a whole.



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Secretaries Say:—

"Those awful waits while he chats over the phone."

"Nothing doing till 3 and then two days' work."

"No one else can read my notes."

"Hours wasted while he's in conference."

"I'm 10% secretary and 90% slave to my notebook."

"Yes, I do mind staying late."

"Cold notes are maddening."

"He talks so fast I'll be getting writer's cramp soon."

That's enough! I'll show him this trial offer right now.

What's Wrong With Shorthand?

Executives Say:—

"It's the 'ring and wait' system."

"If she could only take it as fast as I think."

"She can't help me with other things."

"If I could only dictate while it's fresh in my mind."

"Out sick, so my letters have to wait."

"Pshaw! she's gone. I'll have to wait till tomorrow."

"I had all this clear in my mind last night."

"She can't get out all she's taken."

"I'm forced to cut dictation short."

That's enough! I'll send in t coupon below on general principles.

Shorthand held up his Correspondence

How much greater freedom does an executive enjoy with The Dictaphone than with old-fashioned, round about shorthand dictation?

Read Mr. F. H. Peck's experience and note our coupon offer.

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Miss Agnes Lennox, Mr. Peck's Secretary, likes The Dictaphone so much that she calls it "the King of modern time savers." But, in common with so many women who have practiced shorthand, she was apprehensive about The Dictaphone until she consented to give it a trial.

Then she soon discovered that, besides saving her time and conserving the nervous energy which shorthand wastes, The Dictaphone gave her a chance to prove her abilities in other directions, —with profit to herself and to her employer.

Other executives and secretaries by the thousand tell of similar experiences with The Dictaphone, but nobody who is skeptical need accept their testimony. Try The Dictaphone yourself at our expense. Just use the coupon.

AGNES LENNOX, Mr. Peck's Secretary, who quotes the old Chinese proverb, "Fear is the daughter of Ignorance," to express her opinion of secretaries who cling to shorthand for fear they may not succeed with The Dictaphone.

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[Check one]

☐ Please notify your nearest office to lend me a New Model 10 to try. I understand that this loan involves no expense or obligation.

TWIN CITY WILL NOT ASK HIGHER RATE AT PRESENT

Willing to Test Present Rate Before Filing Increase Request

Twin City net earnings are only sufficient to warrant payment of the present common stock dividend of 5 per cent. per annum.

The position with regard to Twin City common stock is that the Railroad and Warehouse Commission of the State of Minnesota, agreed on a valuation of the company's properties in the cities of Minneapolis and St. Paul, and also agreed on 7½ per cent. as a proper return on the valuation. They decided upon rates of fare in the two cities of 8c. cash or six tickets for 40c., with the expectation that those fares would (subject to some adjustments with the City of St. Paul as to paving charges and taxes) yield the 7½ per cent. return on the valuation. If the full 7½ per cent. on the valuation were realized, that would be sufficient to provide for payment of dividends on the common stock at the rate of 6 per cent. per annum, leaving the company a reasonable margin over and above that as a buffer. Since the new rates of fare were established, there has been a falling off in the number of passengers carried, due principally, the officials think, to the increase in number of privately owned motor cars, and not to any extent to the higher rate of fare.

Rate Likely to Be Continued

Under these circumstances, the net earnings have only just been enough to warrant the payment of dividends at the rate of 5 per cent. per annum. This rate is considered likely to continue for an indefinite time; though, of course, it is subject, temporarily, to any further falling off there may be in passenger traffic. The company has, however, the right to go back to the Railroad and Warehouse Commission and ask for further increase in the rates of fare, provided experience shows that the existing rates are not sufficient to realize the 7½ per cent. return on the valuations. It is the duty of the commission under the statutes to make such revisions in the rates of fare from time to time as circumstances warrant. It is, however, unlikely that the company will make application to the Commission for higher rates until there has elapsed a sufficiently long period to thoroughly test the effect of the current rates.

FEET UNDER SAME TABLE, WEST AND EAST FACE FACTS

(Continued from page 1)

the annual meeting of the Dominion Mortgage and Investments Association. Representing assets of more than $1,850,000,000 these trust, loan and insurance companies show, through the statements of policy of the officers of their association, their practical interest in the sound financing of agricultural development and urban improvement throughout the country.

Denies Shortage of Funds

In the presidential address George H. Smith, general manager of the Canada Permanent Mortgage Corporation, frankly discussed rural credit from the standpoint of the public and the loaning institutions. He declared that the demand for government-backed rural credits in Canada had arisen from a misconception of state credit schemes abroad. It was evidently accepted that there was a shortage of funds available for loans or a disinclination to lend for long terms. Mr. Smith emphatically denied that there was either a shortage of funds or an evasion of duty towards the borrowers on the part of the loaning institutions. If there had been any grounds for this belief it had been the result of war conditions when the mortgage loaning institutions, like all other financial corporations, had for the time being, placed their resources at the services of the government in the common interest.

So far as competition of government-aided credits was concerned Mr. Smith frankly stated that the private institutions had nothing to object to so long as the companies were not placed at a disadvantage as regards taxation and other operating conditions. At the same time he pointed out the dangers of paternalistic programs, in which economic weaknesses were merely overcome at the expense of the tax-paying public.

No Longer "First" Mortgages

The point was also clearly made by President Smith that legislation passed by some of the provinces had already undermined mortgage security to the extent that a "first mortgage" was such in name only, being subjected to various prior governmental claims to the extent that at best it could only be regarded as a second morgage.

UNLISTED BONDS

Abitibi 6% 1940	102¾	..
Algoma Steel 6% 1962	..	29
Belding 5% 1936	89	..
Belgo Can. Paper 6% 1943	..	100½
Bell Telephone 5% 1955	99¾	100¼
Burns, P. & Co. 6½% 1943	103	104
Can. National Rly, 5% 1954 ...	101⅛	101⅞
Calgary Brewing 5% 1942	88	..
Can. Steamship Lines 7% 1942.	104¾	..
Can. Pacific Rly. 5% 1934	99⅝	100⅜
Can. Pacific Rly. 4½% 1944 ...	93⅝	94
Can. Steel Foundries 6% 1936..	102	..
Dom. Textile 6% 1949	106¾	..
Duke Price 6% 1966	102⅜	103⅛
Frontenac Brewery 6% 1951 ...	98	..
H. Smith Paper, 7% 1941	100⅜	..
Laurentide Power 5% 1946	100	..
Laurentian Power 6% 1936	..	101½
Prov. of Ontario 5% 1948	101⅛	101⅞
Ontario Pulp 6% 1931	106¾	..
Price Bros. 6% 1943	102⅞	103⅝
Quebec Power 6% 1953	108⅞	..
Winnipeg Elec. 6% 1954	96¼	97
St. Maurice Power 6½% 1953..	107⅞	108½
Jam. Pub. Service 6½% 1943..	102½	103½
Span. River P. 8% 1941	106	106¾

Say Spanish River's Output Will Climb 50 to 75 Tons a Day

The story was circulated this week that the alterations planned by Spanish River Pulp & Paper Mills at Sault Ste. Marie, will increase the output of its plant by 50 to 75 tons per day. The new development is to cost nearly three quarters of a million dollars, it is said, and should be completed by June of next year, if present plans mature. It is said the company have decided to proceed with a steam installation instead of banking their hopes on future supplies of hydro-electric power. The present capacity of the mill's steam plant is about 7,000 h.p., which is derived from 14 boilers. The intention is to rebuild several of these boilers so that they will be capable of burning pulverized fuel, and to purchase additional boilers to heat the new turbine generators. These generators will supply power for eight new grinders which are expected to provide the mill with its increased output. These statements have not been confirmed by company officials. Present output of the companies three plants is about 700 tons per day.

The Nation's Business

(Continued from page 1)

therefore, in his last few speeches made tax reduction his leading topic. He got real applause and the Liberals came back strong.

There is a lesson in this for the provincial and municipal leaders. Economical administration, reduced expenditures and lower taxation are today the chief demands of all classes in Canada, and particularly of the farmers and workers.

Citizens want to spend the money they have earned themselves rather than to allow it to be spent by others wastefully. But there are two phases of the taxation problem that must be remedied, especially at Ottawa, before we can have national stability and real prosperity.

* * *

THE Robb budget made thousands of small taxpayers happy, and from the way they talked about it, their votes must have been an important factor in many a constituency. The Robb budget, however, actually imposed higher taxation upon the men who have built and are building our businesses, thus placing them and Canadian industry at a disadvantage with United States investors in Canada. This, the politicians described as a tax on rich men's money. If the supposedly rich men spent this money on extravagant living, then the taxation would be fully justified. In some cases, undoubtedly they do; there are some flagrant cases but they are very few. The great majority, perhaps 99 per cent. of Canadian capitalists, are self-made men. They have made their money by saving and re-investing in their industries. It has been in this way that Canadian businesses have been built up. The present Canadian policy is to handicap these men. If it continues, they will, of course, curtail and withdraw their efforts and money from Canadian enterprises. Mr. Robb knows this, and Mr. Dunning should investigate for himself.

* * *

ANOTHER phase of our present taxation problem is its effect on emigration of Canadians and the influx of settlers. Merchants must add the high taxations to the cost of goods they sell, making Canada as it is an expensive country to live in. Sir Clifford Sifton just back from Europe supports the campaign The Financial Post has been carrying on for reduced taxation and puts it right up to Mr. King, saying:

> **"Now that Mr. King is in power with a working majority, we should have a general overhauling of government expenditure, and there should follow a great reduction in both expenditures and taxes."**

Knowing Sir Clifford's record as an administrator, it would be safe betting that if he were made National Economic Dictator he could within six months cut $100,000,000 from Dominion expenditures and taxes, and in twelve months increase the income for personal use of every head of a family in Canada by over $50 a year.

Life Insurance Sales Continue Their Gain

Fourteen per cent. more ordinary life insurance was purchased last month in Canada than in August of 1925, according to a report just published by the Life Insurance Sales Research Bureau of Hartford, Connecticut. During the month $36,010,000 of new business was delivered and paid for by companies having in force 84 per cent. of the total business in Canada. This is an increase of $4,286,000 over the sales of last August. The report includes the production of new paid-for business, exclusive of revivals, increases, dividend additions, reinsurance from other companies, and group insurance.

Every province shares in the general gain. Saskatchewan and New Brunswick lead with gains of 39 and 20 per cent. respectively. Ontario and Quebec, the two most important provinces, have increases of 14 and 15 per cent.

The records of the cities vary widely. Improvement is most noticeable in Hamilton, which shows a 46 per cent. gain; and in Toronto, which shows an 18 per cent. increase.

In the first eight months of the year sales are $28,440,000 ahead of the sales in the corresponding period of last year, a 10 per cent. increase. The general gain for the first eight months is reflected in each province. Saskatchewan leads with a 30 per cent. increase. Ontario and Quebec show gains of 7 and 13 per cent. respectively for the year to date. Montreal leads the cities for the eight months with a 13 per cent. increase over the same period of last year.

The gain in the twelve months ended August 31, 1926, over the preceding twelve months is the same as the cumulative gain, or 10 per cent. Every province shows a gain for the twelve-month period.

Chemical Pulp Sales Were Larger in Year

MONTREAL.—While the exports of chemical pulps during the month of August shows some declines from the preceeding month and from August of last year, yet, in order to gauge the trend of the chemical pulp industry as a whole, the exports over a longer period of time must be observed.

Thus, it is satisfactory to note that the exports of sulphate, bleached and unbleached sulphite and mechanical pulp have all increased in the last twelve months. During the year, the exports of raw pulpwood also show a slight decline. The export figures for the year follow.

	Sulphate	
12 mos. ending—	100 lbs.	Value
August, 1926	3,245,467	$10,053,243
August, 1925	2,846,626	8,717,645
	Bleached Sulphite	
12 months ending—		
August, 1926	3,973,005	$15,427,175
August, 1925	3,558,429	13,223,941
	Unbleached Sulphate	
12 mos. ending—		
Apgust, 1926	5,328,586	$14,821,945
August, 1925	4,974,090	13,104,357
	Mechanical Pulp	
12 months ending—		
August, 1926	7,794,159	$11,528,912
August, 1925	6,299,117	9,269,489
	Pulpwood.	
12 months ending—	Cords	
August, 1926	1,332,067	13,274,572
August, 1925	1,403,958	13,991,467

Further Big Developments Coming at Lake St. John

From Our Own Correspondent.

MONTREAL.—Concurrent with the announcement that the Duke interests have decided to start without delay the harnessing of the power resources of the Chute a Caron, it is learned that construction of a smelter in the vicinity of the Saguenay will be started next spring. The information is to the effect that this smelter will be utilized especially for zinc. In connection with the smelting plant a refinery will also be operated, where some of the ores of the northwestern gold fields of the province will be handled.

For the present the smelting plants of the Noranda mines at Rouyn will only perform the preliminary process, and will not complete the refining of the products of the gold fields. Though the Noranda mines have available the necessary power to go ahead with the refining, it is still undeveloped, while the Saguenay power available already is sufficient to allow the operation of the refinery without much delay. Should the full plans be carried out, Canadian National Railways will be asked to construct a short cut from their main transcontinental line east of Amos to the Saguenay district. It is understood that engineers, both of the railways and of interests closely connected with the development of the Lake St. John and Saguenay districts, have been studying the matter, and that their views will materialize at the next session of the legislature.

Capital: $1,000,000
Reserve: 350,000

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23

NEW ISSUE

Canadian Pacific Railway Company

20-Year 4½% Collateral Trust Gold Bonds

Dated September 1st, 1926 Due September 1st, 1946

Principal and interest payable at the BANK OF MONTREAL, Montreal or Toronto or at the AGENCY, BANK OF MONTREAL, New York.

Coupon bonds in denominations of $1,000 and $500, registerable as to principal and interchangeable with fully registered bonds.

PRICE: 96½ and accrued interest, New York funds, yielding over 4.77%

APPLICATIONS WILL BE RECEIVED BY THE

BANK OF MONTREAL

AT ANY OF ITS BRANCHES

CANADIAN WOOLLENS' OUTLOOK

At the annual meeting of Canadian Woollens, A. O. Dawson, president, drew attention to the fact that, although profits had not been up to expectations, the liquid position of the company had improved considerably during the past year, and he was quite hopeful for the future.

Morrow Screw Bonds Reduced

John Morrow Screw and Nut Company's first mortgage bond indebtedness will be reduced another $25,000 by purchase of bonds for sinking fund on September 27. Tenders have been asked for bonds to take up the $25,000 accumulated.

BOND MOVEMENTS OF THE WEEK

Week Ending September 21

Bonds—	Int. Rate	Due	Yield	Range. High	1925 Low	Range, 1926 High	Low	Ask	Latest Bid	Price High	Low
Asbestos G. Mtge	6	1956	7,23	..	..	85	81¾	85	84	85	84
Can. Bread	6	1941	5.50	105	102	106	104	..	..	105	..
Can. Canners	6	1950	6.20	96½	90	100	94	98	..	97½	..
Can. Cement	6	1929	5.36	103½	100	102¼	101½	102¾	102	101¾	..
Cons. Rubber	6	1946	5.95	101	95	102	100½	101½	100¼	100½	..
Cedar Rapids	5	1953	5.02	99⅛	97	101½	98¼	99¾	..	99¾	..
Dom. Iron	5	1929	...	94	86	92	70½	..	71½	71½	71
Montreal Trams "A".	5	1955	5.44	98	92¼	95	92⅛	93	92¾	93½	93
Do., 1st Mtge	5	1941	5.29	98	94⅞	98½	97	98	97	97½	97
Wabasso	6	1947	5.95	99	92	100½	99	100¼	..	100⅜	..
Wayagamack	6	1951	5.98	98¾	84¼	100¼	91¾	100	..	100¼	100
War Loan	5	1931	4.75	102.65	101.00	102.40	100.35	101.10	100.80	100.85	100.60
Do.	5	1937	4.56	104.95	103.80	104.65	103.20	103.65	103.50	103.75	103.20
Victory Loan	5½	1927	4.85	103.15	101.70	101.75	100.15	100.85	100.65	100.35	....
Do.	5½	1933	4.80	107.00	105.10	106.80	103.65	104.40	104.25	104.40	104.10
Do.	5½	1934	5.00	104.80	103.20	104.10	102.70	103.35	103.20	103.20	103.00
Do.	5½	1937	4.70	110.00	108.15	109.30	106.95	107.40	107.25	107.25	107.15
Do., Renewal	5½	1927	4.90	103.15	101.70	101.75	100.00	100.70	100.50	100.55	100.20
Do.	5½	1932	5.03	104.20	102.60	103.40	102.00	102.60	102.45	102.60	102.20
Do., Refund	5	1928	4.90	100.45	100.15	101.30	99.00	100.35	100.20	100.15	....
Do.	4½	1940	4.85	97.25	92.00	96.70	95.60	96.35	96.20	96.40	95.95
Do.	5	1943	4.87	102.95	100.15	102.20	101.15	101.55	101.35	101.65	101.30
Do.	4½	1944	4.80	97.65	96.20	97.15	95.80	96.40	96.25	96.60	96.10
Do.	4½	1946	4.80	..	....	96.50	96.65	96.30	96.20	96.20	96.10

Herbert Tareyton London Cigarettes

"There's *something* about them you'll like"

20 for 35¢

For your Pipe Herbert Tareyton London SMOKING MIXTURE

Vancouver Needs $850,000

Vancouver City is expected to be on the market in a few weeks with an $850,000 issue of bonds authorized by the ratepayers in the money by-laws of last July. The provincial government will have some refunding to do this fall, probably issuing 4½'s.

NEW ISSUE

$600,000

Manufacturers Finance Corporation, Limited

(Incorporated Under the Laws of the Dominion of Canada)

6%

Collateral Trust Gold Bonds

COLLATERAL INSURED AGAINST ALL LOSS

Series "A," issued under trust indenture, dated June 1st, 1926.

Dated June 1, 1926. *Maturing annually, June 1, 1927 to 1936, both inclusive.*

Interest payable June 1st and December 1st, in Canadian or United States gold coin, at the principal offices of the Royal Bank of Canada in Toronto or Montreal, or at the Agency of the said bank in the City of New York, at the holder's option. Principal payable at the Trusts and Guarantee Company, Limited, Toronto, Canada, or at the principal office of the United States Mortgage and Trust Company, New York City, in Canadian or United States gold coin, at the holder's option. Redeemable in whole or in part on any interest date at the option of the Corporation on sixty (60) days' notice at 100%, plus a premium of ½ of 1% for each six months intervening between the date of redemption and the date of maturity, but not exceeding in any case 3%.

Bonds in coupon form in the denominations of $100, $500 and $1,000, registerable as to principal only.

TRUSTEE: The Trusts and Guarantee Co., Limited, Toronto, Canada.

Insured Security

Payment of principal and interest of the collateral deposited with the trustee as security for this issue of bonds is insured (guaranteed) by the London and Provincial Marine and General Insurance Company, Limited, of London, England (Inc. 1860).

Following is a summary of the accompanying letter from Hon. J. A. McDonald, President of the Corporation:

HISTORY AND BUSINESS: The Manufacturers Finance Corporation, Limited, started business in Toronto, June, 1923, with a paid-up capital of approximately $20,000, and has grown by the investment of additional capital and the reinvestment of earnings to a net worth of $1,442,487.35 (January 31, 1926), earning and regularly paying full dividends upon its outstanding 8% Cumulative Participating Preferred Stock.

The principal business of the Corporation is a specialized form of commercial banking, supplementing the Commercial Banking System of Canada. It acts as intermediary between Banks and Manufacturers and Dealers selling on the instalment plan, by purchasing instalment lien obligations arising from the sale of nationally marketed products of stable value. Obligations purchased for the year ending 1923 (year of organization) amounted to $49,104.13; and to $1,508,290 for the year ending January 31, 1926 (13 months; year ending changed from December 31st to January 31st).

SECURITY AND ASSETS: These bonds are primarily secured by the direct obligation of Manufacturers Finance Corporation, Limited. The net assets of the Corporation after deduction of all liabilities and exclusive of good-will, after giving effect to present financing, will be $2,042,487.35 (less expense of this financing), against this issue of $600,000—security exceeding over three times the amount of bonds.

The security and safeguards behind these bonds may be summarized as follows:

(1) The direct obligation of the corporation with net assets of $1,442,487, exclusive of proceeds of this issue.

(2) Deposit with and assignment to the trustee of $125 of instalment lien notes for each $100 of bonds issued. All notes are chattel mortgages or conditional sales contracts assuring first liens on the articles sold until payment for them is completed.

(3) The personal worth of the individual purchasers of the articles. The average loan outstanding being only approximately $300 insures unusual diversification.

(4) Endorsement of all lien notes by the manufacturer or dealer. All such endorsements are "with recourse," so that the endorser is fully liable.

(5) Full insurance coverage against fire and theft.

(6) PAYMENT OF PRINCIPAL AND INTEREST OF ALL LIEN NOTES DEPOSITED WITH THE TRUSTEE AS COLLATERAL FOR THIS ISSUE IS INSURED AGAINST EVERY LOSS BY THE LONDON & PROVINCIAL MARINE & GENERAL INSURANCE COMPANY OF LONDON, ENGLAND. THIS COMPANY WAS INCORPORATED IN 1860, AND IS NOW OVER 65 YEARS OLD.

EARNINGS: The net earnings for the fiscal year ending January 31st, 1926, amounted to $124,213.22, as certified by Messrs. N. L. Martin & Co., Chartered Accountants, *over three times annual interest* on this issue of bonds, without taking into consideration the profits to be derived through the investment of the additional capital provided by this financing. These bonds are followed by $1,152,810 of Preferred Stock issued and outstanding as at January 31st, 1926, upon which dividends of 8% per annum have been paid since issuance. Preferred Stock paid for on July 31st, 1926, amounted to $1,560,420.

MANAGEMENT: The management of the Corporation remains in charge of those who have had over twenty years' experience in dealing with instalment lien obligations, and who have brought the business to its present stage of prosperity and efficiency. All officers and directors are financially interested in the Company through substantial investment in its securities.

PURPOSE OF ISSUE: The proceeds of this issue will be used for additional working capital for the development of profitable business now available.

AUDIT AND LEGALITY: The books and accounts of the Corporation have been regularly audited by Messrs. N. L. Martin & Co., Chartered Accountants. All legal matters connected with this issue have been approved by Messrs. Nasmith & Fennell, Counsel, Toronto, Canada.

PRICE: Par and Interest, to yield 6%

Orders May Be Telephoned or Telegraphed at Our Expense.
Descriptive Circular Upon Request.

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The statements contained in this announcement are not guaranteed, but are based upon information which we believe to be reliable, and on which we acted in purchasing these securities.

Many Different Plans for Paying Wages; All Centre on Human Faith

By W. S. FERGUSON, C.A.,

Lecturer in Accounting, University of Toronto, and Director of Accounting Studies, Shaw Schools, Limited.

It is significant that the subject of "Methods of Wage Payment" and that of "Labor Incentives" should be linked together for discussion. There is a constant struggle between capital and labor as to the rightful share of each in the proceeds from the product. One of the influences that tends to make labor more content is that of giving him some incentive to do more and better work, and to share more largely in these proceeds as a reward.

There are a number of wage systems each of which has its own advantage. Local conditions will determine which wage systems may be best applied. One of these conditions may be the class of labor for, in some cases, we may have a class of labor that cannot comprehend any complicated system while, with a different class of labor, such a system may be the most suitable all around. Another consideration is the amount of saving in the overhead that may be caused through a reduction in the time of operation. In any case it is desirable that a wage system provide the employee a minimum wage and, where possible, enable him to earn a reward for special efficiency.

The fact that we have to consider many conditions will largely account for the number of different systems.

Day or Hour Rate System

The original wage system is that under which the workman is paid a certain sum for a certain number of hours' labor or at a rate per hour. It is the one most commonly used perhaps or, at least, one most widely used largely because of its simplicity. It can be used anywhere for high class work or general help. There are certain classes of labor that have to be employed by the hour or day where time and not quantity is the ruling factor, e.g., engineers, firemen, watchmen, sweepers, etc. The rate will depend on the skill called for and other conditions that affect wage rates generally such as locality, demand for labor, etc. The disadvantages of this system are chiefly that there is a lack of incentive to effort and it is more difficult to find labor costs since the amount of service rendered in each period of time will not likely correspond closely.

The fact that other wage systems are designed largely for the purpose of getting away from the day rate is evidence that it is not satisfactory, especially for direct or productive labor. Where this is in operation, it is usual to pay employees special rates for overtime and, while this increases the cost, it might be observed that where applied in this way for productive labor it tends to reduce slightly the overhead rate since the expense is spread over more productive hours which offsets to some extent the increased labor costs.

Piece-work System

Under this system the payment is on the basis of the work done. In fixing the rate the aim should be that it be fair to employer and employee and an outstanding point to emphasize is that the greatest of care should be taken in fixing the rate which will be determined by trial or past experience as to the cost of an operation. It is not sufficient to find the amount of work that can be done in a certain time through continuous effort, but reasonable allowance must be made for unavoidable delays. If the rate is fair, the employer should not complain if the wages are increased through increased production. The increase in overhead will be slight but there should be a reduced cost per article. The advantages of this system are:

1. Labor cost per article is definitely known.
2. Incentive develops a better type of work.
3. General supervision is less difficult but special inspection of the work is necessary.

It must be seen that each workman is paid for his own work and no more, and if both the hour rate and piece rate are used, they will be kept separate that a piece-worker may not possibly be paid for work done by an hour worker. The piece-work system is described by some as a "100 per cent. premium plan" because the worker receives full benefit if he saves time.

Deferential Piece-work Plan

This is a slight variation from the piece rate plan in that a still greater incentive is given for if the operator exceeds a certain number of articles or processes within a given time he is allowed a higher rate on either all or on the excess. In some plants a sliding scale is set so that there may be a number of increases. This has the benefit of being highly stimulating and encouraging to the operator who turns out a high output. It tends to increase the output and reduce the rate of overhead in relation to production. It is generally considered that it is most desirable where the overhead is high in proportion to material and direct labor costs. The cautions referred to in piecework will be emphasized.

Halsey Premium System

This differs from the two piece-work systems referred to in that time and not the number of units is the basis for calculating the amount earned. The employee is paid a premium of part of the value of the time saved. Thus suppose he is paid 40c. an hour and is allowed 50 per cent. of the time saved and that he performs work in 50 hours for which the standard time set is 60 hours. He is paid his regular wage of 40c. for 50 hours and, in addition, one-half of 10 hours saved or 10 hours at 20c. Thus $2 is the premium. There is a benefit to the manufacturer through increased output within the time, hence lower costs. This saving is, in a sense, a premium to him. As the employee is guaranteed his regular day's wages there is a special appeal to him for he has nothing to lose but something to gain. Great care must be taken in setting the time limit and abuse guarded against. Premium percentages vary and will be highest where the overhead in relation to direct labor is high.

Rowan Premium Wage System

This differs from the Halsey system in that the premium is in proportion to the reduction in time. If the time allowed is 100 minutes and the rate 40c. an hour and the work is done in 90 minutes, the time saved is 10 per cent. and the rate will be increased from 40c. to 44c. an hour. If the time taken were 80 minutes there is a saving of 20 per cent., the amount being 1 1/3 hours at 48c., and so on. This can be best applied in plants where standard time for operation cannot be made with the greatest degree of accuracy. No possible error in fixing the time allowance can lead an operative to earning double wages.

Gantt Task and Bonus System

Under this plan a high standard is set and a premium or bonus is paid when that standard is attained after which the bonus increases as the operative continues to reduce the time. Instead of a gradual rate of increase a flat rate, say, 40 per cent., is added to the hourly rate when the standard is attained. The foreman may be allowed a bonus also which gives him an incentive to teach his men. This system is a very good one to apply when leading from day work to piece work in some form.

Taylor Deferential Wage System

This system was invented by Dr. F. W. Taylor, a pioneer in scientific management. The plan is devised in such a way that the operative who turns out a high output is paid at a high rate per hour, while the inefficient worker is penalized by a lower wage rate. A sliding scale of rates is fixed corresponding to the number of pieces made per hour, thus an operative who turns out 10 pieces an hour may be paid at the rate of 5c. each, while if he produces 15 pieces an hour he may be paid 5½c. each. If closely examined it is observed that there is an increased rate of pay corresponding to increased rates of production so that the system is highly stimulating.

Stint System

Under this system the employee is not given a premium or higher rate but he is given all the time he saves, that is, if the factory operates on a 9 hour day and he has his work done in 7 hours, he may go home. My experience with this system is that the employees working under it should not be allowed to go home before a certain time. This avoids straggling and too much hurry to get through the work.

Contract System

The employee in this case is regarded as a contractor and, if given a certain time to finish an amount of work, he may, in the event of saving time, start on a new contract. In some cases he is penalized if time is lost. The foreman may be a contractor and hire his own help. This is on very much the same idea as piece-work but may refer to larger operations.

Profit Sharing and Stock Distributing Plans

This is not perhaps directly a wage system but it is related to that subject and also to that of an incentive to the workmen. It may consist in providing for the workmen sharing in a certain percentage of the profits of the shop or factory as a whole, or it may provide for articles being credited to the factory at a set figure and when at the end of a period the profit on this basis is determined, a distribution is made among the foremen and, possibly, among the men as well. If it is, it should be on a basis of time, rate, and total of pay. I have found this system where applied has tended to produce a good feeling among those affected by it. They are given something in a lump sum that they feel is a reward and, where it is regularly established, it tends to keep labor from year to year as to leave would mean that they would have no share in the distribution. Under a stock distributing plan the employees become part owners in the business and so develop a personal interest.

If there is a distribution of profits in either of the above ways, care must be exercised in fixing the amount, for it must be remembered that bad years may come and it is necessary in good years to provide ample reserve against them.

Spirit of Co-operation Does It

It is hardly possible in the space at my disposal to go into all the mathematical details relative to some of the wage systems that, under other conditions, I would do but I have endeavored by giving a general outline to emphasize the tendency that I believe exists to give an incentive to the laborer that he may share in the benefits derived from his increased effort and to give him, as far as possible, a feeling of contentment. After all it is only with a spirit, developed, of co-operation between the employer and the employee that the best results can be obtained and it is well in devising wage systems that this is always taken as a factor. The worker who feels he is working for himself as well as for his employer will render, generally, better service than if the personal element is lacking.

B.C. Biggest Fish Province

OTTAWA.—Fish caught and landed on both coasts of Canada during the first six months of 1926, totalled in value $9,921,351. Of this amount British Columbia is credited with $3,290,147, Quebec $494,373, New Brunswick $1,300,187, Prince Edward Island $523,254 and Nova Scotia $4,313,390. Lobsters, cod and halibut were the most valuable species caught.

Six Inches of Snow Not Enough to Rob Alberta of Prosperity from Crop

By Staff Editor.

CALGARY.—The premature winter, which followed a period of unusually general and persistent August and September rains, and spread a blanket of snow one to six inches deep over a large proportion of Alberta, now gives signs of giving way to more seasonable weather—the protracted, open fall so frequently experienced on the prairies. It would be useless to deny that damage has been done, but it has as yet not been really serious. Cut grain, and the proportion which had been reaped is considerably less than half, is in some cases sprouting and this will lose considerable in value because of lower grade. But standing grain has not suffered seriously and an extended threshing season—even into December in Alberta—is not a serious matter in view of the large number of threshing outfits now available and the evening price influence of the wheat pool. The success of the crop is still, as always, on the lap of the "Weather Man," and a reasonably anticipated reaction to the abnormal conditions which have prevailed will still find Alberta "cashing in" on a bigger dollar crop than the satisfactory harvest of 1925.

The outlook is for a better harvest in Alberta than last year. Weather conditions experienced are to date not greatly dissimilar to those of 1925. Wheat may lose something in grade as the result of rain and snow but will still thresh out well even in December with a fair amount of open weather in the interval.

In a word, Alberta is still looking to a good crop—better than last year—and the indications are that she will get it.

American Bank Looks on Canadian Paper Industry

The recent action of the leading American paper manufacturing company in undertaking the development of hydro-electric power at Grand Falls, New Brunswick, is interesting as an illustration of the growing importance of paper manufacture in Canada. The phenomenal expansion in Canadian production has been among the outstanding features of the history of the paper industry in the last decade.

Newsprint production in the United States since 1913 has remained nearly stationary, while the Canadian production has grown very rapidly. Last year the two totals were practically equal.

If the present tendency continues—and there is every reason to suppose that it will—the Canadian output will exceed the American this year, and in a short time it will be easily the predominating factor in the domestic newsprint market, states the current issue of the Guaranty Survey, published by the Guaranty Trust Company of New York.

The increase in the Canadian output is virtually a measure of the growth of American consumption, the Survey says, since most of the newsprint made in Canada is exported to the United States. Last year 85 per cent. of the total output was shipped to this country. Although the United States also imports newsprint from other sources, these are relatively unimportant. American exports likewise represent a small factor.

Why Canadian Industry Has Grown

The growth of the Canadian industry is the result of a number of economic factors, the most important of which is an abundant supply of suitable timber available for newsprint manufacture. It is a notorious fact that the timber supply of the United States has been used with such prodigality that considerably less than half of the original stand of merchantable wood remains. Of the existing supply, only a fraction, of course, is suitable for pulp and paper manufacture.

An additional difficulty is the fact that paper making requires a large investment of capital in fixed properties, so that the industry cannot "follow the forest" as the lumber industry can. On the other hand, the transportation of logs over long distances, except where it is possible to float them downstream to the mill, is very expensive. A large proportion of the remaining supply of pulp wood in the United States is in the Far West, at vast distances from most of the existing mills.

Little Likelihood of Over-Production

The effects of the temporary shortage during and after the war are especially apparent in the price of newsprint, which rose in 1920 to a peak of more than 700 per cent. of the 1915 average. In recent years the rapid expansion of plant capacities has occasioned some fear of over-production, but the steadily increasing growth in consumption has gone far to allay this fear.

In course of time, the timber supply of western Canada and our own Pacific Coast must be utilized on a large scale for the manufacture of paper. An additional American source exists in Alaska, which has a timber stand estimated at 84,000,000,000 board feet. Only 52,500,000 feet were cut in 1924. The Alaskan timber is like that of western Canada in that the principal varieties of pulp wood are well represented. Ultimately the forests of Alaska distant as they are from the important markets, must be drawn upon for the raw materials of the paper industry.

Although the exhaustion of pulp wood resources is not threatened for many years to come, the question of future supply is nevertheless a serious one. Long before the point of ultimate exhaustion is reached, costs of transportation will enforce price advances, the consequences of which will be far-reaching. The cry for reforestation in America is not a new one, but the progress of the movement is slow. In the end, of course, economic factors will make the planting of forests imperative, but meanwhile intelligent foresight may result in sufficiently prompt action to avoid a critical shortage.

Muirhead's Earnings Said to Exceed Hopes

Construction work on the new Muirhead's cafeteria in Toronto is proceeding satisfactorily, and it will be ready for occupancy about November 15th next. It will have a seating capacity of approximately 400 and be one of the most modern of its kind on the North American continent.

August was the best month enjoyed by Muirhead's Cafeterias, since the organization of the new company in March last. The two summer months of July and August are usually quiet periods for the restaurant business, but Muirhead's have found this year an exception. Earnings for September to date are running well ahead of August and will show a big increase over that month.

At the time of the offering of the company's securities to the public it was estimated that earnings from the two cafeterias in operation would amount to $56,700 and with the addition of the third, now under construction, this would be increased to $113,000. Allowing for possible contingencies the management set the figure at $90,000 and a director of the company now states that actual earnings from the two cafeterias are much in excess of the estimate and very nearly equal to the anticipated earnings from all three. He stated that should the present rate continue the earnings applicable to the common stock for the fiscal year will be in the neighborhood of $1.50 per share after meeting all charges.

Announcement

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CO-OPERATION MEANS CONSERVATION

Ontario is ablaze with Autumn Splendour

MR. CITY-DWELLER, where did you spend your boyhood days? Was yours the privilege of wandering through the fields and woodland where every tree and bush had been painted by the divine artist?

Today you say 'tis but the hectic flame of a dying year. Then it contained all the mystery of an enchanted palace.

Ontario's highways lead you to the land of yesteryear—over white roads flecked with fallen leaves, patterned here and there by checkered shadows of trees. Field and hillside are gay with fiery sumach. Maple groves aflame, backed by the darker evergreen.

Through this lovely panorama, in every direction, leads Ontario's splendid system of highways. You are entitled to enjoy them, for they are yours. Keep in mind, however, that upon you will come the expense of maintaining them in proper condition.

Speeding eats away road surfaces. It "milks" your pocket-book for both motor and road upkeep. Moderate driving is far more economical and pleasurable.

By so doing you will greatly assist the traffic patrol who operate for everyone's safety—who have instructions to enforce the law rigorously.

Issued by the Ontario Department of Highways to secure the co-operation of motorists in abating the abuse of the roads of the Province.

THE HON. G. S. HENRY, Minister of Highways.
S. L. SQUIRE, Deputy Minister.

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THE FINANCIAL POST

Member Audit Bureau of Circulations
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The Financial Post's Platform for Canada

Promote national unity.
Reduce taxation; curtail public waste.
Conserve Canadian resources for Canadians.
Develop production and manufacturing to the highest point in Canada.
Settle our vacant lands.
Encourage individual initiative.
Induce and protect investment of capital in Canada.

TORONTO, SEPTEMBER 24, 1926

NO VICTORY FOR U. S. A.

AMERICAN newspapers that take the result of the Canadian elections as evidence of a swing towards pro-Americanism in Canada, are finding in the situation something that is not there. All the Imperialism is not in the Conservative party; all the pro-Americanism in the Liberal party, nor is all the loyal Canadianism monopolized by any one group.

Some of the newspapers across the line have been printing far-fetched views on the election. The Boston Transcript says the election is good news for American manufacturers in general and adds: "There is nothing in the situation which promises to check the steady flow of Canadian brain and brawn into the United States."

Another newspaper speaks of Mackenzie King's victory as sending a shaft of light into the Department of Commerce at Washington.

The tendency away from Imperial sentiment and towards closer relations with the United States, which has been apparent in a moderate degree in Canada in the past few years, has had its impulse outside of the different political parties in the Dominion and there is no evidence to support the view that a Liberal victory necessarily means an annexation movement.

It would not be surprising if much of the editorial comment of this nature in American papers was being sent from this country by Canadian correspondents, paid on a space basis, who are anxious to color their "copy" with an American flavor in order to make sure of its use and prominent display by the United States papers, who do not often send their own men into Canada to study political conditions at first hand. And whether a deliberate attempt is made to color these despatches or not the domestic connections of the correspondents ought to be considered. For instance, the Canadian correspondent of the Boston Transcript for many years was, and may still be, a man who is connected in a high position with a very active Liberal paper. If he were more constantly in touch with Conservative rather than Liberal viewpoint, his news might have a different flavor.

Let's not take these American editorials on the Canadian election too seriously.

NO NEED FOR A FIGHT

WHY there should be real conflict between steam railroads and highway transport is not apparent to those who understand the limitations of each and have seen how American railroads have co-ordinated the two systems of transportation. If taxation and regulation bear fairly on each, economic law will find the proper place for both.

At the recent Canadian National Exhibition in Toronto, there was some little sparring between railway men and bus and truck men. In the end, Hon. George H. Henry, Minister of Highways, of Ontario, appeared in the role of peacemaker, indicating that railways would be protected from paralleling highway competition. This has brought "Motor and Bus Transportation in Canada" to its feet, declaring that "if railway executives and Mr. Henry, who sympathizes with them, are working to have buses and trucks off the road where they are in direct competition with railroads, they will fail utterly."

The whole discussion has reached the silly stage. Moreover we doubt if Mr. Henry had in mind any such stringent regulations as suggested.

The railways have their place. Busses and trucks have their place. Sometimes they apparently come in conflict. Then all that can be done is for governments to be equally fair to both, and let service and economy settle the matter.

PREMIER SHOWS THEM

THE Premier mine, British Columbia's storehouse of gold, pays another $400,000 in dividends to its shareholders.

Regular quarterly dividend of eight cents per share, representing $400,000, will be payable October 4 to shareholders of record at the close of business September 15.

This brings the total dividend paid by the Premier Gold Mining Company since 1921 to $9,751,000.

This is not bad for a mine that was so friendless a few years ago. Twice it was abandoned by groups of operators, who declared it no mine. Finally, American capital, in the shape of money from the Guggenheims, famous American Mining and Smelting Company heads, took hold and proved the mine to be a Croesus.

Nothing is certain about mining except that it is uncertain. But big men and big money make big mines. They made the Premier, and they are making Hollinger's, Noranda's and Sullivan's for Canada.

JUSTICE IN CANADA

HON. JUSTICE RIDDELL'S comments in New York on the high integrity, stern surety and effective operation of Canadian justice caused some bewilderment in American judicial and newspaper circles. The learned judge naturally refrained from comparison between Canadian and American systems, but the press across the line took up the argument where courtesy and tradition made it necessary for him to leave off and it was feebly admitted that somehow justice was more quick and more certain in Canada.

The higher courts in Canadian provinces are indeed upon a plane of excellence that is an amazing result of our system of making judicial appointments a political reward, a result that reflects high honor upon successive government leaders who have recognized a public as well as a political duty in appointing justices.

The lower courts, while averaging high in merit and good judgment, yet number some men whose methods are hardly in keeping with the generally satisfactory tone. County or local judges who made their court rooms, law school annexes for the baiting of undergraduate law students; who swear by instinct and disclaim faith in facts; or who submit to the strong temptations to add a theatrical touch to proceedings, are not fully satisfying. There is not much of this in Canada, but there should not be any.

PUBLICITY THE NEED

SIR ALFRED MOND, British capitalist and internationalist, who has invested heavily in Canada, brings up a challenging message when he states that Canada's greatest need abroad is publicity. He tells of leading and supposedly well-informed British financiers who do not even know some of our greatest mines as names.

Our mineral revenues are growing each year but are still a small part of our total annual production. Dairying alone produces much more than all our mines. To bring the yearly mineral production to two, three or four times the present figures will require the investment of millions, yea, a billion dollars is needed. This money we have not at home for investment; we must get it from abroad. If Britain and Europe have the money to invest, we want to offer them the opportunity. But it must be offered. We must take it to them.

Money may well be invested by the provinces in making our mineral resources known.

GIVE—WITH JUDGMENT

IT HAS been estimated that business men in New York city foot an annual bill for contributions to fake collectors for existent and nonexistent charities of $100,000,000. Figures for Canadian cities are not available, but it would be pretty safe to say that in the larger centres, estimates based on proportionate population would not be far astray.

Not only are these losses in themselves a very serious matter, but they are small in proportion to those other contributions to ostensibly worth-while charitable and welfare movements, the collectors for which very often have the best intentions in the world and give their services without return, but the funds from which are devoted to the carrying on of propaganda directed against our political, social and industrial well-being.

Many men of otherwise sound judgment, who exercise the greatest care in regard to the monetary details of their business affairs, contribute freely and substantially to these fakers or to the earnest collectors for dubious causes, without taking even the most simple precautions. The appeal is well made, and the response is from the heart. Judgment for the time being is cleverly and purposefully dulled. When there is time to think it over it is too late. And then the really worth-while charities suffer because of the reaction and the resentment created towards all campaigns for funds, however worthy they may be.

The same care and judgment should be used in making expenditures for charity as in all other expenditures. Inquiry should be before and not after the contribution is made. Give—but give with judgment.

WASTE OF GOOD BRONZE

WITHOUT joining the "there ought to be a law—" clan we should like to suggest that there ought to be a national committee to supervise the erection of public monuments. The parks and squares of the land are too full already of sculptural monstrosities to warrant further unbridled selection and erection of war memorials, statues of public men, etc., by local committees, whose idea of a fine statue is a towering bronze of a Canadian statesman with an Indian's bow entwined with the Roman fasces at the foot of a Doric column, the whole surmounting a pedestal that shows no favors in utilizing all the native and imported stones in the yard of the local stone cutter.

Alward, Hebert, Hammond, the Marshes and other workers in and lovers of fine statuary would find a trip across Canada a daily succession of insults.

If a town, or society, thinking out a memorial, hasn't enough artistic sense among its membership to do the deed right they would do better to put up a drinking fountain, or a bathing station or a branch library where honor could mingle with service.

Hideous monuments should not be allowed to dot the landscape. Take, for instance, the lighthouse (of all things) put up by an inland Ontario town that has nothing larger than a mill pond within miles, to honor its soldier boys. If we lived in that town we'd trade the lighthouse for a couple of hot dog stands and consider the town artistically better off.

FARMERS AND TAXES

OTTO H. KAHN has been telling American and Canadian audiences that the farmers in both countries are in a bad way,—which is not true,—and he says he can offer no solution. He did help the Free Trade vote in Canada by broadcasting the statement that protection did not help the United States farmer, and perhaps herein lies the explanation of his recent visit to Canada.

Notwithstanding Otto Kahn's views, there is a solution, and Andrew Mellon and President Coolidge found it and put it into effect with great results. They found that the way to help the farmer was to reduce taxation—national taxation. It has been found so effective that now state politicians are using that promise to secure votes. In Maine a reduction in state taxation is the chief topic in the campaign of one of the candidates for the governorship. He is using tax reduction to win the farm vote.

Here is a new thought for Canada, one for the new government to work on.

EDITORIAL NOTES

MUSSOLINI'S life will be charmed until a better marksman aims at him.

* * *

"RUSSIANS plan trip to moon," says headline, as though the Russian people haven't been aiming at the moon for several years.

* * *

SENATOR CARAWAY, of Arkansas, who wants American soldier dead removed from graves in France has evidently gone to seed.

* * *

THE MONTREAL Gazette rubs it in when it says: "The last of the circus elephants that escaped into the British Columbia woods has been captured and will shortly leave the province. British Columbia, however, will still have the celebrated white elephant known as the Pacific Great Eastern Railway."

* * *

PRESIDENT of Singer Sewing Machine organization says:

"There is no change in the Russian situation, and we have no intention of resuming business in that country as long as conditions are such as they are. There have been various commissions formed to study the Russian situation and to recommend changes, but there has been no result shown as yet. Foreign companies which have worked in Russia under concessions have found that this was an unsuccessful method of operation. Foreign manufacturers must be given the right to handle their own employees and to operate their plants in their own way before they will go into Russia. It is evident that we will have to wait until political changes occur in Russia and foreign authority is recognized before we go back there."

Fifteen Years Ago

Extracts from Files of The Financial Post.

C. P. R. jumps when reciprocity is rejected by Canadian people.

Becker & Co. of America, incorporated.

Building permits for August, $11,796,411.

Canadian Locomotive gets order for 25 G. T. R. locomotives.

Rumored Bank of Nova Scotia and Metropolitan Bank to amalgamate. W. D. Ross, general manager of latter denies rumor.

Municipal Spending Without Public Vote Sends Taxes Mounting

By T. GEORGE JOHNSTON.

Calvin Coolidge, president of the United States, and various other authorities frequently have directed attention to the growing cost of local government. In the United States it has been shown that the vast economies and reductions in federal expenditure and taxation have been offset—more than offset—by the increase in expenditures and increase in taxation for state and municipal purposes. The same probably is true in Canada, although the Dominion government has not made much of a start toward reducing its expenditures and lowering taxation for the benefit of local government, while local taxation has been growing alarmingly.

It would be unfair to argue that the increase in local expenditure and local taxation was avoidable in every instance. One of the largest items is road building and paving. This has grown tremendously because the demand for roads has grown. Local taxation might not be anything like so serious an item in the cost of business and in the householder's budget if Henry Ford had not applied mass production methods to the manufacture of the erstwhile luxury, which is now a necessity—the automobile.

Spending Without Public O.K.

Yet it can be shown that some of the increases in municipal taxation in Ontario are traceable to clauses in the revised statutes of the province, clauses which enable municipal councils to embark on expensive enterprises without the direct mandate of the ratepayers, who must foot the bills, and without due regard to the financial well-being of the municipal treasury. It has been left for bond houses to check municipal extravagance, and these bond buyers are less interested in the specific use to which proceeds of debenture issues are put than with the mere total of a debt.

The writer is not sufficiently familiar with the progress of municipal legislation in the last fifteen years, to know whether the latitude evident in municipal councils is of comparatively recent origin or whether expenditures on this account of contractors and engineers, have only recently discovered their authority in this regard and gleefully have given, in accordance with general public habit, their spending proclivities fuller play than in the frugal era before the war. Neither is the writer familiar with municipal legislation in other provinces, nor whether expenditures on this account elsewhere are a matter of serious concern.

Minorities Have Too Much Say

But what is evident in a few incorporated villages and towns with which the writer is familiar is a tendency to embark on public improvements at the instance of minorities, without considering the views and well-being of the majorities. In the old days, most money by-laws had first to be approved by a majority of the ratepayers, and the contests before the special or regular polling day concerning these matters were apt to wax almost as warm as a Patenaude meeting in Montreal. But now, the number of money by-laws which are submitted to the ratepayers for their direct mandate is infinitesimal compared to the number of money by-laws which are railroaded through council meetings, patched up by an engineer, approved by the provincial health board or the Ontario railway and municipal board, and the cost saddled on the taxpayers for a period of from fifteen to thirty years.

Blames Board of Health

It is not suggested that the provincial board of health wittingly has been the tool of interests which are benefiting from the growth of municipal expenditures, but the effect of a zeal to have every urban community with its sewer and water system is to increase local taxation. It is, of course, reactionary to say that wells and septic tanks should be made to serve where more modern facilities are practicable. The objection to orders from health authorities is that they sometimes are not in a position to know local conditions even if they examine engineer's blue prints, listen to what are no more and no less than sales talks of ostensibly disinterested persons, and to hear from sometimes self-appointed delegations from municipal councils that their constituents favor the expenditure. In installing a water system and a sewer system, the proposed initial expenditure is usually only the beginning, and only the gullible taxpayer is not aware that it is not also the end of the expenditure.

But probably the expenditures grow to far beyond the taxpayer's original conception and approval largely because of the clauses in the local improvement act which give municipal councils a latitude which would lead to municipal bankruptcy were there not a municipal election every year and, usually, an opportunity to throw out the elected officials who have allowed approach to financial disaster.

Once upon a time, municipal councils had authority to proceed with a local improvement, to be paid by

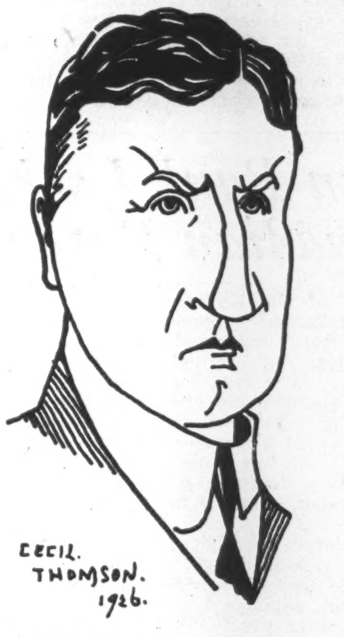
(Continued on page 52)

T. Parnell Tyler Comes Out from England to Head Lever's

T. Parnell Tyler, who has become president of Lever Brothers, Canada's largest soap firm, is by no means a stranger on this continent. While he was born in England, he spent a number of business years both in the United States and England, and has been a student of Canadian affairs for a good many years. While in England, prior to coming out to Canada a few months ago, he was managing director of a large company in association with Lever Bros.

The interests of this company are extensive throughout Canada. Originally the output and sale in Canada of the Sunlight soap factory only were controlled by it. A number of years ago there was an amalgamation which included the interests of the Pugsley Dingman Company, and later still the business of the Surprise Soap Co. of which Mr. Ganong was head at the time, Royal Crown Soap Co., Winnipeg, Calgary and Vancouver, and the W. J. Pendray Co., of Vittoria, and John Taylor and Company, were taken in, making it the largest soap company operating in the Dominion of Canada.

Mr. Ganong's resignation is in accord with an arrangement made with the parent company back in 1914, when his interests in the Surprise Soap Co. were merged with Lever Bros. At that time it was agreed that he would become president of the Canadian company on the understanding that at any time he desired he would be free to retire.


CECIL. THOMSON. 1926.

HARRY COCKSHUTT

If the truth must be known, the business men of Ontario are sorry to see Colonel Harry departing from government house in Toronto; leave to forge his sword of office into a plowshare. His "Back to Brantford" movement will leave Toronto sorrowing.

His Honor, the Lieutenant-Governor, now retiring, brought to his high office a number of qualities that served to make him one of the most popular king's lieutenants Ontario has ever known. He is the essence of geniality; a host of far-flung fame, and keenly shrewd in a business way.

He started off well; the first thing he did was to get the city folk and the farmers together beneath the gilded ceilings of Government House. There were dinners, garden parties and functions galore and they were not all for visiting dukes and lesser potentates. They were for the home folks. And Colonel Harry mixed with the crowd, gathering information, which he passed on to the men who governed his guests, telling them what the people were talking about and wanted done for them.

President and managing director of the Cockshutt Plow, director of the Bank of Montreal, director of a few other things, former mayor of Brantford, ex-president of the C.M.A., stock raiser and fisherman. That's the background for the picture.

Ste. Anne Paper Co., Limited

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Due: September 1, 1946

Price: 100 and interest
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IF you are in doubt about the safe investment of your money (whether it be a small or large amount) do not hesitate to consult us.

By so doing you incur no expense whatever, and place yourself under no obligation to us.

Correspondence Invited.

R. A. DALY & CO.
BANK OF TORONTO BUILDING
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Property In The West

The West, and by that we mean British Columbia in particular, is developing rapidly. Property values in Vancouver shows a steady upward trend.

While we do not recommend speculative investment we DO recommend revenue producing purchases which show a return now and increase in value at the same time.

We shall be glad to give details of various properties, both business and residential, which are available through us.

Pemberton & Son
Vancouver Limited
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Your Investments

Questions of general interest submitted by subscribers of The Financial Post will be answered in this column. Other inquiries will be answered by mail. A two-cent stamp should be enclosed to cover a direct reply.

Kronen and Marks

We hold 257,000 Austrian kronen and 55,000 German marks. What are they worth?

Austrian kronen, by a decree issued in December, 1924, are exchangeable into the new currency, the schilling, at the rate of 10,000 kronen to one schilling. There are 34.61 schilling to the £ sterling. Your client holds 257,000 kronen which are therefore worth about $3.60, taking the £ at par.

German marks were stabilized in November, 1924, and the Reichsmark replaces the old German mark at the ratio of 1,000,000,000,000 marks to 1 Reichsmark. The holding of 55,000 marks is therefore of no value.

Gunns, Ltd.

Will you kindly let us have your opinion of Gunns, Ltd.

When there is real improvement in the packing business in Canada there is a likelihood that Gunn's Limited will come into its own financially, but it looks as though it is going to be a slow process bringing the packing plants back to a position of real prosperity. They have problems that touch the whole basis of live stock raising in Canada and that are tied up with world export trade in such a way that early solution of their difficulties is not on the horizon.

Gunn's has managed to weather the storm very well and is gradually consolidating its position. For a long pull the preferred stock would seem to have some attraction but it does not look like a buy for early profits.

North American Life

I own shares of the Guarantee Fund of the North American Life Assurance Co. This is a 20 per cent. paid up stock. I receive $2 a year on each share. Par value $100. Paid up value $20.

From time to time I have received offers to buy this stock from me. The last offer was $60 a share.

Could you get me some information?

The authorized capital of the North American Life is $300,000, of which $60,000 is paid-up. This $60,000 is represented by shares controlled by Taylor and held very closely by about 30 shareholders. Contrary to most life insurance shares which give a bonus, this stock is limited to 10% on paid-up capital. The current market price is about $50 bid and none offered. The stock has sold as high as $70 when the present interests were getting control. Desire to hold control of the company may have influenced recent quotations. The stock can hardly be worth its present market price to the outside investor.

Dominion Iron

I hold one £500, 5 per cent. Dominion Iron and Steel bond. I have not presented the coupon due for payment on September 1 as the company did not meet the interest. Would you please advise what I should do in the matter. Has anything at all been done to protect the interest of the bondholders?

The National Trust Company is now operating the properties of the Dominion Iron and Steel Company. It is the receiver. It will continue to operate the property until such time as either the arrears of bond interest be met or until the bond holders foreclose their mortgage and acquire the properties, or until some re-organization is accomplished which is acceptable to the first mortgage bond holders.

You have two options; you can sell your bond on the market now or you can hang on to it and see if the receiver appointed by the court is able to obtain better earnings from the assets.

There is nothing further you can do in this matter except to back up the bond holders protective committee which is acting in your interests.

As to the future of the property, we can tell you little. Perhaps, this year and next year may see some increase in the demand for steel which, of course, would be reflected in bettered earnings by the Dominion Iron and Steel Company.

The issue of bonds in which you are interested constitute a second mortgage on the property which is preceded by a bond issue of $5,355,000. There is $11,675,253 of your issue of bonds outstanding; of this figure $4,639,000 consists of bonds issued in pounds sterling, one of which you hold. This latter issue in pounds instead of in dollars has been guaranteed by the Dominion Steel Corporation. Thus, you are in a somewhat better position than those who hold the consolidated mortgage bonds unguaranteed by the parent company, The Dominion Steel Corporation.

The Dominion Steel Corporation owns all the common stock of the Dominion Coal Company which can at least make some money. Therefore, in the forthcoming reorganization of Besco and its subsidiaries you will fare better than those who hold the dollar currency of the consolidated mortgage bonds of the Dominion Iron and Steel Company.

Automobile Credit

I should like to know if you consider the Automotive Credit Corporation of Montreal a safe investment.

The Automotive Credit Corporation recently completed its first year of operation. The only securities issued by this company in which there is any public interest are the bonds. The authorized amount of the bond issue is $500,000, and to date there are about $300,000 of these outstanding. The fiscal agents are still offering these bonds to the public.

Last year, the bond holders received 6½ per cent. on their investment and in addition received a bonus of 3 per cent., making in all 9½ per cent. on their investment. As you are aware, the bonds participate in the earnings after provision has been made for all charges and sinking funds.

The company's business consists in borrowing money—through its bond issue—and loaning these funds at a higher rate of interest to motor car and motor truck dealers, who are thus enabled to finance the sale of motor cars on the time-payment plan.

On the face of it, this investment looks satisfactory enough but, on the other hand, you must remember that there is no market for these bonds, and perhaps at a later date you might wish to dispose of them and not be able to find a buyer who would give you anything like their intrinsic worth.

Again, any investment which pays 9½ per cent. per annum must be speculative. If the business were a sure thing, or non-speculative, there are literally thousands of business men who would gladly purchase the bonds and there would be no need to invite the participation of the public in the offering which, in all, only totals $500,000.

The board of directors is largely composed of men in the automotive trade. That is, they are engaged in selling motor cars, and thus are enabled to bring business to the company. On the other hand, while we understand that all these men have been successful in their own individual businesses, yet, they have not the record of public financing behind them.

German Bonds

Will you give us some information as to the basis in which German bonds are to be exchanged.

The German consul at Montreal advises us the Mark loans of the German states, municipalities, municipal and other corporations will be exchanged against new redemption loans. Twenty-five Riechsmark nominal value of the new loan will be issued for each 1000 marks of old loans, issued before January 1st, 1919. The same amount of 25 Reichsmark nominal value of the new loan will be issued for each 1000 marks gold value of any loans issued later than December 31st, 1918. The establishment of the gold mark value of the said loans is subject to special provisions.

For the time being only "old holdings" will be exchanged, i.e. such mark loans which the present holder can prove to have had in his uninterrupted possession since before July 1st, 1920.

Besides the new redemption loan, the "old owner" will receive special drawing rights which are redeemed by payment in cash of an amount equal to five times their nominal value. In the case of individual municipalities and municipal corporations which are in a permanently favorable financial position, the redemption quota may be fixed at a higher multiple than five, i.e., up to ten times the nominal value. This redemption value will bear interest at 4½% in case of state loans, and at 5% in case of loans issued by municipalities and municipal corporations. This interest is payable upon redemption of the drawing certificate.

The new redemption loans will, as a general rule, be redeemed within 30 years, beginning in 1926. In case of municipalities and municipal corporations the time of redemption may, depending upon the financial position of the issuing corporation, etc., be either shortened to 20 years or extended beyond 30 years.

The time for filing applications of old holdings of State, municipal, etc., loans will expire on November 1st, 1926.

Applications by Canadian holders are to be addressed to Counsellor Hans Kruegen, Special Commissioner for German Public Loans, Room 1832, 42 Broadway, New York.

With regard to loans acquired later than July 1st, 1920, further detailed information will be published later.

Follow Rules When Sending Problems

Will those inquiring concerning investments kindly note the rules, which are brief, simple and fair. Inquiries come to hand, scribbled on postcards or on anonymous letters. No attention is paid to these. Tell your problem thoroughly and send stamped, addressed return envelope.

An Old Reader Sends Us a Much-Appreciated Bouquet

Editor, The Financial Post:

"I have been a regular reader of your very valuable paper, The Financial Post, for a good number of years and have always enjoyed to the utmost the practical, business-like stand you have always taken in all matters pertaining to finance and business and good government. I think your issue of last week was the finest piece of work I have ever had the pleasure to read, particularly on the political situation. I think I know which side of the fence you stand on so far as policy is concerned, and I cannot help but admire your stand on the weak-kneed and picayune policies set forth by so-called statesmen.

"Again let me congratulate you most sincerely on the most excellent paper you are producing."

Letter from the president of a large Ontario manufacturing concern.

FOLKS and Finance

FRED. M. DEWAN, president of the Mary Lee Candy Shops, Inc., is another Canadian who has successfully catered to America's craving for chocolate. In December, 1920, he opened a little shop in Detroit with a capital investment of $19,000 and now, after less than six years, he heads a chain of 48 candy shops in 24 cities, scattered throughout six states, which show sales of nearly $2,000,000 yearly. His product corresponds very much to the chocolates sold in Canada by the Laura Secord chain, and as a matter of fact, Mr. Dewan was sales manager for the Laura Secord studios before starting a business for himself in the United States. Previous to that he was secretary of The United Cigar Store chain in Toronto.

The phenomenal growth of the fresh chocolate business in the last few years has been an interesting phase of the confectionery business, and one sometimes wonders if the stock of names of popular feminine characters will not soon be exhausted.

As is well known, Laura Secord confections are sold in the States, but as Fanny Parker confections.

"IN MY opinion, the strongest industrial security in Canada is the first mortgage bond of P. Burns & Company," remarked a financial man the other day. There will be plenty to rise and dispute his opinion, but it is nevertheless a tribute to Patrick Burns, the western cattle man, who has built up a continuously prosperous packing business on the prairies, with the chief plants in Calgary and Prince Albert.

While the packing business as a whole has been in depression, the Burns enterprise has maintained a high record of earnings. This is chiefly due to the diversity of its production and its large domestic business, both reflecting credit on the founder.

The company has packing plants, creameries, farm lands and nearly 100 stores.

POST-Scripts

JOHN D. ROCKEFELLER once remarked that, next to knowing your own business, the most important thing is to know what the other fellow is doing, says B. C. Forbes, in his magazine. I am reminded of this by the following passage from a letter just received from H. Gordon Selfridge, who, trained under Marshall Field, migrated to London, and created the most successful department store there: "Why don't you come over here once in a while and see what we are doing? We are practising what we preach, because you may have noticed that 50 or 60 of our staff are at present in America, absorbing the virility and enthusiasm of that great country, and, I hope, are spreading among the people with whom they come in contact a little of that poise and dignity of manner which this old civilization so beautifully produces. Things are going delightfully with us."

The trouble with many individuals and many organizations is that they are too self-satisfied. They think they know it all. Also, they are so cluttered up with daily detail, daily routine, that they cannot arrange to find time to move around to see what others are doing, learn from others what they are thinking, and thus imbibe new ideas. To garner the richest fruits, hard work must be supplemented by purposeful reading, by liberal travel, by intensive thinking. This calls for organization. But unless a man is something of an organizer he is unlikely to become much of an executive.

THERE are a few important Canadian stockholders in Gillette Safety Razor Company, including, it is said, Sir Herbert S. Holt. The chairman is J. E. Aldred, and the vice-president H. J. Fuller. both of them Americans with immense investments in Canada.

September 28 will mark the end of a quarter of a century of existence for the Gillette Safety Razor Co.

On September 28, 1901, the original Gillette Safety Razor Co. was incorporated in Brookline, Mass., and Edward J. Stewart and Jacob Heilborn, two fellow-townsmen, each paid in $10 for one share of stock. This $30 was the original capital of the company, which now has outstanding 2,000,000 shares selling in the market for $185,000,000.

With three shares subscribed there remained 49,997 out of the 50,000 authorized shares. The company needed $5,000, and it was determined to raise it by selling 20 blocks of stock of 500 shares each for $250 per block, or 50 cents a share, which was done. Disposition of the original 50,000 shares was as follows: 10,000 shares sold for $5,000 cash, 10,000 held in the treasury. 17,400 to King C. Gillette, 4,200 each to W. E. Nickerson, Edward J. Stewart and Jacob Heilborn. Henry Sachs, at that time a Boston stockbroker, had been helpful in placing the 20 blocks of stock, consequently Mr. Gillette, out of his own allotment allowed him 4,000 shares.

For the first two years the stock had practically no value, any offer from 25 cents to a dollar resulting in a change in ownership of the shares. In times of financial stress in the affairs of the company attempts were made, but futilely for the most part, to pay for raw materials with shares of stock.

One hundred shares of Gillette purchased in 1917 at the time of the bankers' public offering at $80 a share, or $8,000, to-day has a market value of around $85,000.

Since the first Gillette dividend was declared in 1906 no dividend has ever been passed. During this period the company has earned $81,730,666, and has paid to its shareholders $34,497,691. From a total of 51 razors and 14 extra dozens of blades in 1903 the sales have mounted to 14,862,098 razors and 52,983,533 extra packets (tens) of blades in 1925.

Brooks and His Steam Motors Think They Have the Last Laugh on Their Critics

A friend of mine has undertaken the purchase of upwards of $500 worth of stock in the Brooks Steam Motors, Ltd. He has paid down in the neighborhood of $100, with the balance payable in monthly installments. He is now, however, somewhat doubtful as to the advisability of going through with the proposition, and I should like very much to have your opinion in the matter. As he has already $100 invested, do you think it advisable to continue making payments in the hope that he may at some time get something from the stock, or would you advise dropping the matter as it stands and accept the loss of the amount already paid?

If we were in the position of having paid $100 down on $500 worth of stock in Brooks Steam Motors we would certainly write the $100 off our books and consider it a loss to be charged up to experience, and decline to make the balance of the payments.

As a matter of fact $100 doesn't begin to represent the cost of selling the stock of Brooks Steam Motors, and so he is not throwing away any real equity in the company by counting the $100 as gone.

There may be some return some day for shareholders in Brooks Steam Motors, but to date the proposition has been very expensive to finance. Its chances for success is that they are very small.

The way the stock is being sold, $100 of preferred, $100 of common for $135, makes it difficult to know what it is costing the company to raise capital. But our guess is that the cost of selling, organization expenses, payment for patent rights, and sundry intangibles, etc., is approximately $60 out of the $135, and that is away too high.

Most good, reliable promotions are financed by the sale of preferred stocks. Shares of common stock are given as a bonus. The preferred usually sells for about par and the common stock is thrown in free. But Mr. Brooks makes the investor pay for the common. This would be fine if the whole sum were being raised at small cost and the company were getting full benefit of the sale of the common stock. But it does not appear to us that the company does get enough of the proceeds of the sale. Somehow, Mr. Brooks' selling organization seems to be getting too husky a slice.

We notice that the "Commercial and Financial World," of New York, has given Brooks Steam Motor a nice review, and has found it difficult to express its high regard for the proposition. Do not let that fool you. There is an old established, reliable New York financial journal called the "Commercial and Financial CHRONICLE," and if it had a long and eulogistic review of anything Mr. Brooks were connected with we would advise you to rush to buy stock. But the review appeared in the "Commercial and Financial WORLD," and that is a horse of another color, —off-color in fact.

The "WORLD" has a hand lettered title that is, by rare coincidence, very similar to that of its more reputable original. Coincidences are amazing, aren't they?

The "WORLD" is filled with just such "puffs" as this mess of tripe about Brooks Steam Motors. The circulation of the paper is an unknown quantity, but our guess, based upon long observation, is that the circulation is almost entirely the sum total of the extra copies it sells each week to crooked stock promoters, speculative propositions and other organizations that get big "write-ups" if they buy enough copies of the issue in which the write-up appears.

It might be worth while for the new minister of customs to look into the question of barring the "Commercial and Financial WORLD" from Canada.

However, the article does contain one bit of news. Mr. Brooks is going to give the easy-come, easy-go investors across the line a chance to hazard their dollars in Brooks Steamers. The WORLD says:

"Production will begin in the United States early next year, it is understood. Brooks Steam Motors, Inc., having been incorporated under Delaware laws with $2,500,000 of $10 preferred shares and 500,000 shares of common. It is understood that main activities of the American company will be centred upon a thirty-two-passenger steam bus, while other branches of the commercial field will be entered later, such as taxis, trucks, delivery wagons and the like."

That is news. And so, may we say, is this:

"As regards ease of operation and efficiency, it is in a class by itself, and it would appear that a new era has been ushered in, and that the investors who have financed the project will reap rich rewards, as has been the case with other companies who have introduced new products which have revolutionized existing conditions."

We see a reference to ourselves in this:

"When the Brooks was first announced, the predictions of its sponsors was met with the usual ridicule and skepticism. President O. J. Brooks and his associates have had the satisfaction which always is attached to the last laugh in the fact that their product is now on a parity with the best gas cars as regards reliability, moderate price, low cost of maintenance and fine appearance."

But we don't think the last laugh has been laughed. Unfortunately, though the last laugh may be mingled with the tears of those whose money has gone.

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News of Investment Markets

MONTREAL POWER WILL SELL SOON EXPECTED ISSUE

New Bond Issue Replacing Preferred—Improves Outlook for Common Stock

From Our Own Correspondent.

MONTREAL. — The Montreal Light, Heat and Power Consolidated is to call its 6 per cent. preferred stock and replace the stock with 5 per cent. bonds. This move has been anticipated ever since the announcement of the recent split-up in the stock. The new bond issue will amount to approximately $30,000,000, and will replace the preferred shares of which there are $32,341,950 outstanding. Through such refinancing, the company will make savings of approximately $300,000 per annum in annual interest charges.

As Montreal "Power" has just over 1,000,000 common shares of no par value outstanding, such interest savings mean increased earnings on the present common stock of approximately 35 cents per annum. Thus, many holders of the common shares look for increased dividends—possibly $2.50 might be declared shortly.

The new bond issue will mature in 25 years and will be secured by Montreal "Power's" holdings in its subsidiary companies. It is thought probable that immediately after the shareholders authorize the bond issue on September 29, it will be sold.

Treasury Bonds Used

The new issue will be authorized to the extent of $75,000,000 and it is understood that the portion left in the treasury, amounting to around $45,000,000, will be issued to retire the bonds of the various subsidiaries as they mature.

There is some interest surrounding the price at which the new issue will sell. The selling price may be judged from the price of the bonds of some of the subsidiary companies. One of which is the Lachine Power Co. whose 5's, due in 1933, are now quoted at par bid with no sales.

The company has several underlying bond issues; one of these is a 4½ per cent. bond of the old Montreal Light, Heat & Power Co., issued in 1902 and due Jan. 1, 1932, with $6,301,000 outstanding of an original issue of $7,500,000. A second underlying bond is that of the Lachine Power Co., issued in 1904, and due April 1, 1933, of which $2,861,000 is outstanding. The two together amount to slightly over $9,000,000. Then there is a 40-year issue of Cedar Rapids Mfg. and Power Co., of which $14,694,900 is outstanding, but this does not mature until Jan. 1, 1953. It will thus be seen that the new "Power" bonds may be useful from time to time for refunding purposes.

Customers Buy Largely

In the meantime, it is said that some 18,000 of the company's customers have applied for the new customer-ownership stock at $50 a share. It is understood that the total number of shares for which application has been made may touch 250,000. There are, however, only some 70,000 shares available for this purpose; it seems that those who subscribed for 20 shares will probably be fortunate if they secure 4. The campaign will probably increase the company's list of shareholders from a total of some 6,000 to around four times that number. With such constructive plans being formulated, it is natural that the new common shares change hands on a low yield basis.

Bits About Bonds

Several German states and cities have made an offer to redeem certain of their loans—especially those issued since 1920—by a cash payment, the rate of which is higher than the revaluation rate of the regular exchange procedure.

Not later than Nov. 1, 1926, the acceptance of the offer of such cash payment, together with the respective bonds, must be in the hands of the debtor.

A list of loans thus redeemable by a cash payment and of the amounts offered for them, may be obtained from the Special Commissioner for German Loans, 42 Broadway, Room 1832, New York City, N.Y.

The several corporation issues which have come to the market during the past week have been well reecived, say McLeod, Young, Weir & Co. The appearance on one prospectus of names of two of Canada's foremost banks was a very encouraging evidence of a steadily increasing interest in the distribution of sound Canadian corporation securities on the part of Canada's leading financial institutions. The prompt oversubscription of C. P. R.'s $20,000,000 issue in New York was a development gratifying to the Canadian financial community.

There has not been a great deal of activity in the municipal section of the market during the past week. Saskatchewan will market $2,500,000 20-year 4½'s shortly, while Hamilton is calling for tenders for $600,000 20-instalment 5's. It would seem that the New York market for Canadian government and municipal bonds at the moment is stronger than the Canadian market, even taking into account the small prevailing discount on New York exchange.

If as London reports indicate, the Canadian National Railways is to redeem the C. N. R. income charge convertible debentures at 80, purchasers of this issue will, in most cases, have a tidy profit. The security has been selling at anywhere from 22 up to recent prices close to 70 during the past five years and on more than one occasion in that period has been favorably commented on in The Financial Post as good seculative issue.

London despatches concerning the issue states that, "negotiations between a representative of the Canadian National Railways and a committee appointed by the holders of Canadian Northern 5 per cent. income bonds, for the purchase of these securities by the Canadian Government are nearing completion. A basis of settlement of questions between the stockholders and the railway has been reached and it is understood, the paper says, that the 5 per cent. income charge convertible debentures will be redeemed in the near future at no less than £80 sterling per £100 share."

The issue in question consists of £5,000,000 (about $24,137,846) of old Canadian Northern convertible 5 per cent. income charge debentures due in 1930. Interest is payable on these as earned, but interest has not been earned or paid.

Western Farmer Does Not Need More Credit

(Continued from page 1)

the arguments and correct the misrepresentations which had influenced the introduction of the bill, but to make representations with reference to the bill itself, the adoption of which was a foregone conclusion.

For these reasons I feel it necessary to make some further reference to this subject at this time. Obviously, it will be impossible, in limited time, to deal exhaustively with the contents of two fairly lengthy blue books. Even to present as briefly as possible a few of the facts which we claim the government and parliament would have given us an opportunity of presenting to them and to the public, will, I am quite conscious, make great demands upon your patience and charity.

The plea so persistently put forth that Canada must provide this additional form of credit for the salvation of its farmers, is based upon two statements, first, that the existing lending institutions have failed to provide sufficient credit to meet the requirements, and second, that there is an insistent demand which cannot be supplied for loans to be repaid over a long term of years on what is now known as the amortization plan; coupled with the not unnatural suggestion that loans at a lesser rate of interest would be desirable. The latter may be admitted, but both the former statements we deny. I have no hesitation in declaring most positively that, with the sole exceptions of the most critical years of the war when, as I previously stated, supplies of British capital were cut off and the government practically compelled us to divert a considerable portion of funds which would otherwise have been available for farm loans to the purchase of war bonds, there has always been an ample supply of money available for such loans as could be safely made, especially for loans on farm lands. It may be added that during that period, notwithstanding the greatly advanced cost of the money loaned, the increased cost of transacting business, and the heavy taxation of various forms which were imposed, the interest rates the farmers had to pay were not increased. Can as much be said for any other of their outlay? It is true every application received has not been accepted, but loans have been made which subsequent experience showed should not have been granted. Lending companies have to pay interest on their moneys and until reloaned those funds are a source of loss instead of profit. They do not, therefore, decline sound business.

I am aware that this question of whether the supply of money for mortgage loans has been adequate is one upon which there may be a legitimate difference of opinion, and that my claim that it has been adequate is not possible of mathematical demonstration. Neither can those who claim otherwise conclude their argument with "Q.E.D."

Amortization Plan Available

With reference to the other statement, I do know whereof I speak. There has not been a minute since 1855 when loans repayable according to this plan could not have been obtained. In the early days all loans were made repayable in this way, and some of the lending companies have never discontinued this plan of loaning. For many years, however, there has been very little demand for loans on this system. On the contrary, there was a marked tendency to insist upon the shortest term possible, and those companies which in later years confined their loaning operations to five years' mortgages, may have been to some extent influenced by this fact. My own company not only continued to lend on what was formerly called the "instalment plan" or "sinking fund system," now known as the "amortization plan," but I frankly tell you we preferred it. We have expended considerable sums in advertising it, pointing out what we considered its advantages to the borrower, and by personal, as well as printed, argument, have advocated this system as strongly as any of those who appear now to be so persuaded of its merits. But I tell you just as frankly that, not only does there appear to be practically no demand for these long term amortized loans on the part of the western farmer, but we can very rarely persuade him to take a loan on that plan. We have now decided to test the matter further and are extending the term over which the instalments may be spread twenty to thirty years so that about one per cent. added to the interest will repay the loan.

Conditions Different in Europe

The claim that lower rates of interest are possible is based upon experience in densely populated European countries, where conditions are entirely different, and more particularly upon recent experience in the United States. With regard to the latter, and speaking now more particularly as to the possible necessity for the action of the United States government, it should not be forgotten that in the United States there never have been any lending institutions at all corresponding to the land mortgage companies of Canada, which were organized to meet the requirements of our real estate owners, which went more than half a century ago to the money markets of Britain and Europe and succeeded in bringing to Canada many millions of dollars to loan at lesser rates than were previously possible. The low rates which the rural credit organizations in the United States have recently made available to farmers have been made possible, as you all know, by the fact that their funds are obtained from the sale of bonds which are exempt from all federal, state and municipal taxation of every kind. That such bonds can be marketed in the richest country in the world, where there are so many very large incomes subject to the highest rate of supertax, on a very low yield basis goes without saying. To make any comparison of rates prevailing in Canada with interest rates made possible by the sale of such securities is extremely foolish. I think no one will suggest that funds for loaning in Canada be obtained by reverting to the issue of tax-free bonds, which were deliberately abandoned some years ago. Besides, there is nothing like the same market for them in Canada. Canada's outstanding tax-free's are now selling to yield 4.75 per cent. and 4.80 per cent. If such a retrograde step were proposed would the government of the Dominion and the provinces be fair enough to enable the presently constituted lending institutions of the country to similarly obtain funds for loaning at lower rates by making free from taxation the securities our land mortgage companies sell to the public? If not, why not?

Even in the United States, the tax-exemption feature was not a part of the original plan, but was super-imposed when it was found that the scheme was not proving successful and after the country had been committed to it; and also before there was any federal income tax of importance.

Mr. Smith here made extended reference to rural credit schemes throughout the world.

Does Not Need More Credit

Established lending institutions of Canada have fully met the requirements for mortgage loans. I go a step farther and, whatever those who differ from this view may say, I shall venture the assertion that the last thing the Western farmer needs is more credit. Whatever may have been his many difficulties, from which he is now happily emerging, lack of credit was not one of them. In the unfortunate years of two dollar wheat, he was in the position of the husbandman in the parable whose "land brought forth plentifully." He did not decide to "pull down his barns and build greater" but he decided to double or treble his production, to compel the elevator companies to build more elevators and the C.P.R. to build more cars and to buy more locomotives. He bought more land, at the then peak in prices, on credit, and to cultivate it he had to purchase additional stock, implements and other equipment, all on credit. Whether he found it necessary to buy an automobile or not I do not know, but if he did it also was purchased on credit. Then the purchasing power of Europe failed, and prices for his wheat were cut in two. To make matters worse a couple of years of poor crops followed, and there was little to sell even at the unprofitable prices which prevailed. There are few who will not admit that the heavy burden of liabilities which they took upon their shoulders in those days of unlimited credit, and under which they were compelled to stagger for a number of years, has been chiefly responsible for the reversal in their fortunes which the producers of grain experienced a few years ago.

Did Same as Others

No blame can possibly attach to our farmers for their action in this respect. They did precisely what the manufacturers, wholesale and retail merchants, and other business men were doing, when they made large extensions to their plants and business premises, thereby incurring heavy liabilities, which, when the era of extravagance suddenly terminated, left them in the same position as the wheat producers found themselves, and resulted in the wave of liquidations and business failures which kept trustees in bankruptcy and official assignees busy for a long period.

Only Ask Fair Play

In concluding this lengthy review of the rural credit situation I desire only to add that, if further governmental systems be set up, the old established lending institutions, which have fully provided the credit required since many years prior to Confederation, are quite satisfied they can compete in rates of interest as well as in all other respects, provided they be given fair play and if the Dominion's system be operated on a business basis with adequate provision for administration expenses and the inevitable losses. As to what this provision should be we have the statement by Hon. C. A. Dunning in his last budget speech to the Saskatchewan Legislature, on January 12, 1926, in which, referring to the affairs of the Saskatchewan Farm Loan Board, he said:

"The result of the 1925 operations, reflecting as they do the general improvement in the economic condition of the people and consequently of the borrowers, does tend to justify the belief of those of us who started the scheme that it can be worked on a margin of one and one-half to two per cent., allowing for all costs of administration and contingencies, provided the borrowers play the game fairly."

Rates Fluctuate With Trend

On this subject of rates of interest, it may have been forgotten that Western farmers were obtaining loans from our loan companies as far back as 1903 at as low as seven per cent. and even less. There was a tendency towards increased rates prior to the war due to the increased cost of the money to the companies, which tendency was, of course, greatly accentuated by the diversion of huge sums for war purposes. During the past two years the funds available have again been rapidly increasing, with a consequent reduction in rates of interest, and there is no doubt that this trend to reduced rates will continue for a considerable period. The price of money fluctuates as well as the price of wheat, though not to so great an extent.

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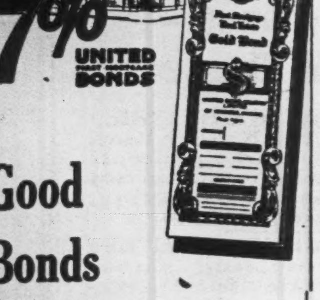

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TELEPHONE TAXES IS LIVE SUBJECT IN WEST'S CITIES

Lines Untaxed, Though, in East Cities Collect Heavily

Western Canada has been discussing the taxation of municipal and provincial telephones. The question has come up specifically in connection with the application of the Alberta Government Telephone Systems for increased rates. Calgary's mayor objected to the telephone system being exempt from local taxes.

Commenting on this objection, the Calgary Albertan said editorially:

"Mayor Webster before the commission investigating the proposed increase in telephone rates, refered to the unfairness of the department in escaping all municipal taxation. The other public utilities, although municipally owned, pay taxes the same as a private corporation.

"The representative of the telephone company replied that the department would have to increase the price of telephones, if it had to pay taxes.

"But that is not satisfactory or conclusive objection. The same might be said of our electric light system, or the waterworks or the street railway. The principle of public ownership is that the utility should pay its way and all charges, as fully as a private corporation.

"There are many people in Calgary who do not have telephones. With the city contributing to the telephone service in the form of exemption from taxation, the persons who do not have telephones are forced to help the man with a telephone to pay for a part of his monthly telephone charge.

"That is not fair and it is not business-like.

"The telephone department should pay its taxes like the electric light and other departments. If that means an increase in the rates, then let us have an increase and it will be placed on the people who get the service and then the burden will not be on people who do not get the service."

A western correspondent gives The Financial Post the following information concerning rates charged by government owned telephone systems in the prairies:

City	Rate per month business phone
Calgary, Alta.	$5.00
Lethbridge, Alta	4.00
Moose Jaw, Sask.	5.00
Regina, Sask.	5.00
Brandon, Man.	4.15
Winnipeg, Man.	6.50

But higher rates are being asked for 'phone service in Alberta. These higher rates compare with present charges in comparable Eastern cities as follows:

Western City	Telephones Jan., 1926	Monthly Bus.	Rate Res.
Calgary	18,000	$6.00	$3.00
Lethbridge	2,500	4.80	3.00
Regina	8,000	3.75	2.34
Winnipeg	41,000	6.50	3.16
Brandon	3,000	4.16	2.50
Moose Jaw	4,000	3.75	2.34

Comparable East. Cities	Telephones	Monthly Bus.	Rate Res.
London	15,800	$4.75	$3.00
Windsor	14,000	4.75	3.00
Woodstock	1,850	3.25	2.25
Welland	2,160	3.75	2.50
Galt	3,050	3.75	2.50
Windsor	14,000	4.75	3.00
London	15,800	4.75	3.00
Ottawa	33,500	5.50	3.25
Hamilton	24,150	5.50	3.25
Three Rivers	3,500	3.75	2.50
Kingston	4,875	3.75	2.50
Peterboro	4,745	3.75	2.50
Guelph	4,420	3.75	2.50

A further analysis of western systems is made by the correspondent as follows:

Province	Provincial and Federal Taxes. Paid.	Pioneer Services	Employee Relations.	Employee Benefits	Depreciation
Alberta	None.	Own and operate the farmers' lines.	Good.	Some.	No fund set aside or reserve set up. Physical assets will rapidly run down from now on. Asking for 20% increase in rates to do renewal work.
Saskatchewan	None.	None. Farmers own and run their own telephones; also own the pioneer long distance lines.	Fair.	None.	Reserve $200,000. Considered to be inadequate to take care of accrued depreciation. The point of rapid depreciation has set in and large sums will have to be laid out
Manitoba	None.	Own and operate the farmers' lines.	Fair.	None.	In the best position of any of the three systems but is not at all adequate.

In Eastern Canada—Ontario and Quebec—where the Bell Telephone Company operates, the taxes paid by the company were, in 1925, $1,091,056.

RAILWAY EARNINGS

Canadian Pacific

	1926	1925	Change
Week end. Sept. 14	$3,822,000	$4,049,000—	$227,000

Canadian National

	1926	1925	Change
Week end. Sept.	$5,130,105	$5,077,516+	$52,589

$18,000,000 Involved in Western Defaults

An excellent summary of the present position of Western municipalities that got into difficulties was contained in the annual report of the committee on municipal finances delivered to the Dominion Mortgage and Investments Association annual meeting. The table follows:

Indebtedness Involved (By Provinces)

	Consolidated Debt	Remarks
Alberta:		
Athabasca	$ 227,665.00	1921 settlement reopened
Bassano	298,265.00	Adjustment pending
Beverly	64,712.00	Enquiry incomplete
Bow Island	102,516.00	Adjustment in effect
Chamberlain S.D. No. 1513	4,667.00	Adjustment pending
Macleod	644,190.00	Meeting adjusted payments
Redcliff	527,005.00	Adjustment pending
Taber	205,720.00	Adjustment pending
Tofield	110,728.00	Meeting adjusted payments
	$ 2,185,468.00	
British Columbia:		
Port Coquitlam	$ 600,000.00	Meeting adjusted payments
Manitoba:		
St. James and Assiniboia	$ 3,702,726.00	Adjustment pending
St. Vital	1,452,041.00	Adjustment pending
Transcona	1,037,901.00	Adjustment pending
W. Kildonan & Kildonan	1,250,738.00	Adjustment pending
	$ 7,443,406.00	
Saskatchewan:		
Battleford	$ 902,600.00	Initial payment met
Canora	143,000.00	Meeting adjusted payments
Humboldt	756,023.00	Initial payment met
Melville	395,721.00	Meeting adjusted payments
St. Henry R.C. S.D. No. 5	13,695.00	Enquiry pending
North Battleford, P.S.D. No. 1438	124,476.00	Meeting adjusted payments
North Battleford R.C.S.D. No. 16	21,131.00	Meeting adjusted payments
Prince Albert	3,609,277.00	Meeting adjusted payments
Scott	182,000.00	Initial payment met
Sutherland	287,788.00	Initial payment met
Swift Current	1,409,535.00	Meeting adjusted payments
	$ 7,845,246.00	
Grand Total	$18,074,120.00	

Reference was made to the fact that when a municipality gets in default those holding current debts against the municipality had an advantage over debenture debts. In case of failure, current debts became due in a short period and payment is enforcable by exactly the same means as are available to debenture holders for that part of their debt which, at the same time, may be overdue. Quite frequently the total current debts due are substantial, and the proportion of it representing coupons or interest payments on debentures is small, thus making it possible for lenders, on short terms, to obtain conditions which impair the security of the long term debenture loans.

It was suggested, with a view to placing debenture creditors on the same footing as those holding current obligations, that when coupons are dishonored the whole of the principal outstanding should become due and payable. At the same time, in order to protect long-term debenture loans, there should be enforced by provincial authorities, regulations restricting within reasonable limits the incurring of current liabilities.

Tenders and By-laws

Sept. 27—Moose Jaw—$185,000, 5 per cent., 15-year sinking fund debentures. Geo. D. Mackie, city commissioner.

Sept. 28—Town of Jonquiere, P.Q.—$270,000, five per cent., serial bonds. J. M. Lacroix, sec.-treas.

Sept. 25—School Commission of Pointe au Pic, P.Q.—$40,000, 5½ per cent., serial bonds. J. C. Warren, sec.-treas.

October 4—Village of Charlesbourg, P.Q.—$68,000, 5 per cent., serial bonds. A. Dorion, Secretary-Treasurer.

October 7—Village of Shawville, P.Q.— $35,000, 5½ per cent., 35 year, bonds. E. J. Hodgins, Secretary-Treasurer.

October 15—Town of Laval-sur-le-Lac, P.Q. $56,000—5%, 10 year debentures. H. Gohier, Secretary-Treasurer; 30 St. James St., Montreal.

October 4—Village of Campbell's Bay, P.Q.—$15,000, 5½ per cent., 25 year debentures. L. O. Gauthier, Secretary-Treasurer.

October 16—School Commissioners of the Village of St. Joseph d'Alma, P.Q.— $75,000, 5½ per cent., serial debentures Eugene Boivin, Secretary-Treasurer.

Week's Bond Sales

Etobicoke Township

Wood, Gundy & Co. have been awarded an issue of $158,000, Township of Etobicoke, 5% debentures, for school, hydro and local improvement purposes. The bid was 99.28.

Town of Beauport

An issue of $40,000, 5 per cent., 40-year serial bonds of Beauport, Que., was sold to Bray, Caron and Dube, at 97.84, which is equal to a cost basis of 5.25 per cent. Tenders were as follows:

Bray, Caron & Dube	97.84
Municipal Debentures Corp.	96.53
H. Collette & Co.	96.43
Credit Anglo-Francais	96.39
Laqueux & Darveau	96.08

County of Middlesex

An issue of $126,000, County of Middlesex, 5% debentures, has been awarded to W. A. Mackenzie & Co., on a bid of 100.51, or at a cost basis of 4.92%. Following are the bids:

W. A. MacKenzie & Co.	$100.51
H. R. Bain & Co.	99.85
Roberts, Cameron & Co.	99.80
Wood, Gundy & Co.	99.50
Dominion Bank	99.47
McLeod, Young & Weir	99.47
R. A. Daly & Co.	99.41
Dyment, Anderson & Co.	99.40
Royal Securities Corp.	99.34
Midland Securities Ltd.	99.32
Bell, Gouinlock & Co.	99.30
Fry, Mills, Spence & Co.	99.28
MacKay-MacKay	99.206
Matthews & Co.	99.19
C. H. Burgess & Co.	99.04
Gairdner & Co.	98.623

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WEEKLY RECORD OF CANADIAN FINANCING

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS.

Place	Date Sold	Municipal —Sold To—	Rate	Maturity	Amount	Price	Cost Basis
Middlesex County	Sept.	W. A. Mackenzie & Co.	5%	15-yr.	$126,000	100.51	4.92
Beauport, Que.	Sept.	Bray, Caron & Dube	5%	40-yr Ser.	40,000	97.84	5.25
Etobicoke Twp.	Sept.	Wood, Gundy & Co.	5%	10, 20 & 35-yr.	158,000	99.28	...
St. Thomas	Sept.	Locally	5%	20-ins.	50,000	....	...
Eagle Point, S.D., Sask.	Sept.	C. C. Cross & Co.	5¾%	15-yr.	4,000	....	...
Kalvin S.D., Sask.	Sept.	E. A. Moyer & Co.	6%	15-yr.	3,500	....	...
Vidette S.D., Sasp.	Sept.	F. E. Watchler	6%	15-yr.	3,000	....	...
Jellicoe S.D., Sask.	Sept.	J. M. Campbell, Dodsland	5¾%	10-yr.	1,500	....	...
Rural Telephones, Sask.	Sept.	Various	5¾ & 6%	10-15-yr.	6,750	....	...
Lanigan, Sask.	Sept.	H. J. Birkett & Co.	6%	20-yr.	3,500	....	...
Brownlee, Sask.	Sept.	C. C. Cross & Co.	6¼%	15-yr.	1,500	....	...
R. M. of Nupawan	Sept.	Melfort Sinking Fund	5¾%	10-yr.	2,000	....	...
Assiniboia Un. Hospital Dist.	Sept.	Houston, Willoughby & Co.	6%	20-yr.	35,000	....	...
Armstrong, B.C.	Sept.	Unknown	5½%	10-yr.	5,000	....	...
South Vancouver	Sept.	Unknown	5½%	....	173,872	....	...
Trail, Water & School	Sept.	Unknown	5%	20-yr.	83,424	....	...

OFFERINGS OF CORPORATION AND FOREIGN SECURITIES

Bond Issues	Date issued	Offered by	Rate	Due	Amount	Price	Yield
Can. Pacific Rly.	Sept.	National City, Guaranty Co., Bk. of Montreal	4½%	1946	20,000,000	96½	4.77
Can. West Indies Products	Sept.	Credit Canada (With bonus of 10 shares of common stock no par value)	7%	1931	300,000	100.00	...
Manufacturers' Finance	Sept.	Breed, Elliott & Harrison and Housser, Wood	6%	1927-36 Ser.	600,000	Par	6%
Soeurs de Misericorde, Man.	Sept.	Rene T. Leclerc, Inc.	5½%	1946	255,000	100.00	5½%
Ste. Anne Paper Co.	Sept.	Wood, Gundy & Co. and Syndicate	6½%	1946	5,000,000	100.00	6.50
Stock Issues—							
Caulfield's Dairy	Sept.	Cordingly, Pike & Co.	7%	Pref.	50,000	99.00	7%

(With bonus of common stock.)

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Belgo Paper 6's....1943
Belgo Paper 7% Preferred Shares.
Quebec Power Co. 6's..1953
Quebec Railway 5's....1939
St. Maurice Power 6½'s 1953
Wayagamack 6½'s....1930
Wayagamack 6's....1951
Montreal Tramways 5's 1941
Montreal Tramways 5's 1955
Montreal Public Service 5's....1942
Windsor Hotel 6½'s...1943
Laurentide Power 5½'s.1946
Duke-Price Power 6's..1966
Manitoba Power 5½'s..1951
Gatineau Power Co. 5's.1956
Gatineau Power Co. 6's.1941
Anticosti Corporation 6½'s....1941
Anticosti Corporation 7% Preferred Shares
Canada Steamship Lines 6's....1941

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Insurance for Buyer and Seller

PROVINCES ADMIT NO FEDERAL RIGHT OVER INSURANCE

Head of Provincial Superintendents' Assoc. Throws Down Challenge

By CHARLES HEATH,
Superintendent of Insurance, Manitoba.
President, Association of Superintendents of Insurance.

There is considerable divergence of opinion with regard to the change of condition effected by the various privy council decisions delivered during recent years, and a prominent insurance man, when discussing the effect of these privy council decisions with me some time ago, blamed the cause of these questions being raised upon the ambition of the provincial superintendents to dominate and control all matters pertaining to insurance. If there are others who hold a similar opinion, and I conceive that there may be, I take the liberty of pointing out that prior to 1917 the dominion authorities practically ignored the insurance business and its requirements, and the provinces were driven, by force of circumstances and public demand, to formulate some simple rules under which the insurance game should be played. These rules have, from time to time, been elaborated as occasion seemed to require.

Just prior to the passage of the Dominion Insurance Act of 1917, the dominion authorities woke up to the fact that the control of insurance matter had passed to the jurisdiction of the provinces, and being just as ignorant of their rights and responsibilities, set forth in sections 91 and 92 of the British North America Act, as the provinces were, they proceeded to pass very comprehensive insurance legislation, a good deal of which has been declared ultra vires of their powers conferred under the above mentioned sections.

Now Too Late to Argue

At the accomplishment of the scheme of confederation of the several provinces of Canada certain powers and responsibilities were by agreement, apportioned to the dominion and to the provinces, and it is futile now to argue that this or that should have been provided instead of what was actually provided. Furthermore, let me point out that important as the insurance business is to those of us who have devoted our lives to that business, it is quite possible that insurance questions are the least important questions affected by these privy council decisions.

Those who are intimately acquainted with the history of these privy council decisions may be surprised that quite a considerable percentage of the insurance fraternity are entirely unaware that the majority of these decisions, although delivered in terms of insurance, did not in any way arise out of insurance questions; for instance, the John Deere Plow Company case had nothing whatever to do with insurance, but the whole argument was based and the judgments were delivered, in terms of insurance; the Great West Saddlery Company case referred in no way to insurance, but the judgment was rendered in terms of insurance. The reason being that the first important privy council judgment relating to Sections 91 and 92 of the British North America Act was rendered in connection with an insurance case known as "Citizens Insurance Company vs. Parsons." Therein was laid a solid foundation of legal agreement, and thereon has been built, with the greatest of care, and stone by stone, a very considerable building designed to protect provincial and dominion rights as laid down in the sections of the British North America Act before referred to, which is, so to speak, the Magna Charta of our dominion.

I have not the slightest doubt that when sections 91 and 92 were drafted and considered by the Fathers of Confederation, the question of insurance was not even thought of; what was intended was that provincial and dominion rights and responsibilities should be laid down in broad general terms, and these have been, from time to time construed by the courts and applied to various questions affecting conflicts of jurisdiction. Very much more vital questions than the control of insurance companies and their agents are affected by these privy council decisions; for instance. the control of the grain trade, perhaps the biggest business in Western Canada, may quite conceivably become a matter of sharp conflict between the provinces and the dominion at no very distant date. Therefore let me suggest to those who have dreams of arranging, by compromise, that the control of insurance matters shall be transferred to dominion jurisdiction, where a number of insurance men maintain it properly belongs, will never be realized, because that would necessitate an amendment to the British North America Act, and it is inconceivable in my judgment, that any province would risk the jeopardizing of its rights in more vital questions by consenting to the change of a single word in those sections.

Let me further point out that with none of these privy council decisions, with perhaps the exception of a very recent one, known as the reciprocal insurance reference, is there the slightest excuse for blaming the raising of these questions upon "the ambitious provincial superintendents," they had nothing whatever to do with any of these early cases, and I doubt very much if they realized what they were all about, or that the decisions affected the insurance business in any way. We can, therefore, only accept the condition of affairs as we find them and the responsibility attached thereto.

Insurance Companies Stayed Out of Florida

"Not a cent," said Canadian insurance company investment officers, when queried by The Financial Post as to their companies' investments in Florida. This is a good estimate of Canada's financial interest in the Southern State as far as insurance companies are concerned. In the first place, Florida is rather too far away to be an important factor, and furthermore, its rather unhealthy partiality to booms was more than enough to make any conservative company look elsewhere for first-class mortgage investments.

Insurance Personals

Twelve members of the Mutual Life of Canada field organization attained the Quarter Million Dollar Club for the year to June 30 last.

Tom Dickinson, Toronto, (1), the president of the club is the leading producer from coast to coast; his record is 147 applications for $535,192.

Other members are: J. A. Donovan, Toronto; J. E. Newton, Timmins; J. L. McDuff, Halifax, N.S.; G. B. Stewart, Montreal; C. W. Goode, Toronto; R. J. Rousso, Montreal; J. D. Brackett, Cranbrook; W. R. Bonter, Toronto; J. A. Birmingham, Vancouver; F. H. McLean, Toronto, E. H. Fairty, Toronto, No. 1.

Messrs. T. H. Dickinson, Toronto; G. B. Stewart, Montreal, and J. E. Newton, Timmins, Ont., have qualified for membership in each year since the organization of the club five years ago.

Among the large applications received by the Dominion Life this year was one which came in during the past month for $100,000 secured by the Toronto manager, H. R. Petersen. This is by no means the first time that Mr. Petersen has demonstrated his ability in securing the name on the dotted line for large amounts.

Dominion Insurance Licenses

The Department of Insurance, Ottawa, has issued licenses to First American Fire Insurance Company to write inland Transportation insurance; North British and Mercantile Insurance Company to write fire insurance, life insurance, accident insurance, automobile insurance, burglary insurance, explosion insurance, guarantee insurance, inland transportation insurance, plate-glass insurance, sickness insurance, sprinkler leakage insurance and tornado insurance; Maritime Life Assurance Company to transact life insurance.

PROGRESS NOTED IN STABILIZATION MOTOR INSURANCE

But Fleet Rates Still in Unsatisfactory Condition, Says Foster

Tracing the history of his efforts to do away with unjust discrimination in automobile rates in Ontario, R. Leighton Foster, superintendent of insurance for the province, told the Association of Insurance Superintendents:

"Twelve months ago many companies writing automobile insurance had no schedules of rates. Generally, the manual of the Canadian Automobile Underwriters' Association was adopted as a basis of bargain, but the rate actually charged was dictated by competitive conditions in the particular case, or by the judgment of the individual underwriter. To-day, I am satisfied that the companies are faithfully adhering to their filed schedules of rates in so far as individual rates are concerned and that every company has a schedule of rates."

He went on:

"It should be remembered that this legislation does not restrain any company from filing such schedules of rates, as it may think reasonable or adequate. Complete freedom of rate fixing remains, subject only to the requirement that the schedules so fixed shall be binding and effective and that they must be non-discriminatory.

"Nevertheless the law does not purport to regulate rates as to adequacy or reasonableness; it merely purports to prohibit unfair discrimination in rates and in this respect and in relation to indivdual matters, the law appears to have been largely successful.

Fleet Rates Still Unsatisfactory

"I have qualified my reference to the satisfactory character of schedules of rates presently filed, by reference solely to schedules or rates for individual cars. I did not include schedules or plans of fleet or group rating based upon experience or otherwise. I regard the existing situation and the schedules and plans presently filed in relation to this branch of the business as most unsatisfactory. The ruling of the department issued more than two years ago with respect to the inclusion of privately owned employees cars with the fleet of the employer for rating purposes and with respect to the insurance of groups of persons, such as members of motor clubs, at rates lower than rates offered to the general public, is being generally observed, but nevertheless, other practices which challenge the public interest still cause the department considerable concern.

"The feverish competition of more than one hundred companies for the relatively small premium income represented by automobile insurance in Canada is venting itself in this group or fleet insurance part of the business. Some company managers who are sincere seem to believe that a mass or wholesale rate justified by possible economies in the way of premium volume and policy writing justifies a discount from manual rates apart entirely from a consideration of the hazard involved. Group life insurance has frequently been cited as a precedent. It does not seem to be generally realized that group life insurance rates are based upon one year renewable term rates filed by life companies with the Dominion department of insurance and that the Dominion insurance department has for many years not only required rates to be so filed, but expressly prohibits discrimination in favor of individuals between the insured of the same class and equal expectation of life in the amount of premiums charged or in the dividends paid on the policy. Under the rating law discrimination in rate must be justified by differentiation in physical hazard in the same territorial classification.

Crudities in Rate Schedules

"In other cases where the necessity of the application for experience rating is realized, filed schedules exhibit crude attempts to apply an experience rating plan with one hand while holding all the freedom necessary to meet competitive conditions with the other. In the result, not only does unfair discrimination continue to exist in my opinion as between rates charged owners of different fleets, but also as between fleet owners and the general public.

"The whole question of automobile rating is receiving the conscientious attention of the department and, realizing that 'Rome was not built in a day,' I hope that in due time the situation with regard to fleet and experience rating for groups of cars will be in as satisfactory a condition as the present situation with respect to individual cars insured as such under the ordinary rate schedules."

Wholesale Auto Insurance

Reviewing the fight that is on in "wholesale automobile insurance"—insurance written through companies financing instalment sales, Mr. Foster, said:

"The importance of the problems involved in wholesale automobile insurance can scarcely be over-estimated. I am informed that more than 80 per cent. of new automobiles are now sold on the instalment plan. It is clear that if the present practice of the business deviates from the existing law, either the practice of the business must be changed or the law ought to be amended so that the automobile insurance business may be conducted in accordance with the law.

"The problems involved and the important findings of your committee are described in the memoranda appended to this report. The most important finding is that most of present problems can be solved by a strict enforcement of the existing law. Your committee is satisfied that the major objections to wholesale automobile insurance can be met by a strict enforcement of the law, subject to certain minor amendments."

"It is essential that purchasers of cars should sign a written application for insurance," said Mr. Foster, continuing the report of the committee on wholesale automobile insurance. "Heretofore the automobile dealer or the finance corporation, and sometimes the insurance agent, have signed such applications on behalf of the purchaser without any written authority to do so. Your committee is of opinion that not only should a written application be secured, but that it should be signed by the purchaser himself or by some person authorized in writing apart from the insurance agent or the acceptance corporation or the automobile dealer."

The "master contract" with the finance corporation and the delivery of "certificates of participation" was condemned. Insurers should get individual policies.

Also losses should be adjusted directly with the insured. Generally rates should not be cheaper for cars bought on time than for cars bought for cash, but any advantage should accrue to the car buyer and not the finance company.

The committee, however, made no suggestions for radical legislation, preferring to make further investigation.

THE
CANADA NATIONAL FIRE
INSURANCE COMPANY
HEAD OFFICE: WINNIPEG, CANADA
TOTAL ASSETS $2,928,337.62
TORONTO, 24 Adelaide St. W.
W. H. GEORGE
Superintendent of Agents

THE MONARCH LIFE
IS A
GOOD COMPANY
Provincial Offices: Toronto, Winnipeg, Regina, Saskatoon, Calgary, Edmonton, Vancouver, Victoria.

Northwestern Mutual Fire Association
SEATTLE, WASHINGTON.
HEAD OFFICE FOR CANADA, HAMILTON, ONTARIO
THE NORTHWESTERN MUTUAL
Combined loss and expense ratios on Canadian business for a five year term is lower than the average loss ratio alone of all companies.
Writing Fire Insurance at Cost. Assets $3,118,764.07.
Norman S. Jones, Manager for Canada. R. J. Mahony, Associate Manager.
All policies dividend paying and non-assessable.

An Asset—
Not an Expense
A Dominion Life Policy pays back more than it costs—and protects your family, too. It is not an expense; it is a saving, an investment!
The Dominion Life has been protecting Canadian families for thirty-seven years. Why not have it protect yours?
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ASSURANCE COMPANY.
Head Office: WATERLOO, Ontario
ESTABLISHED 1889

Absolute Safety of Investment
is granted by
The Life Insurance Companies of Canada
1. Life Insurance is the most stable business in the world.
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5. The Empire Life Insurance Company has exceptionally attractive life insurance policies, as well as annuity and pension contracts. Before placing your insurance, enquire as to its policies.
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"Safe through Saving"
Properly planned Life Insurance means happiness, comfort and peace of mind in the sunset years of life.
You may arrange with the London Life for a policy that will protect wife and family and make provision for your own old age at the same time.
If you die, the family is provided for. If you live, neither you nor they need worry about the problem of support.
The representatives of the London Life will give you valuable advice as to how life insurance can best serve you.
London Life
Insurance Company
"Canada's *Industrial-Ordinary* Company"
HEAD OFFICES - LONDON, CANADA
"Policies Good as Gold"

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Guarantee, Accident, Automobile, Burglary, Sickness, Plate Glass, Fire.
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Organized 1874
TOTAL BENEFITS
Paid to Members and their Beneficiaries
$87,000,000.00
Policies Issued from $1,000 to $5,000
G. E. BAILEY Secretary
W. H. HUNTER President
ALEX. STEWART Treasurer

BRITISH AMERICA
ASSURANCE COMPANY
HEAD OFFICE - TORONTO
Incorporated 1833
FIRE—MARINE—
AUTOMOBILE—BURGLARY
—GUARANTEE

Satisfactory Service Guaranteed
PRUDENTIAL
TRUST COMPANY
LIMITED
Trustees, Executors, Administrators, Real Estate and Insurance, Safety Deposit Vaults.
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FIRE, HAIL and CASUALTY INSURANCE
Of every description effected with leading Insurance Offices.
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LIMITED
WINNIPEG

Metropolitan Life
Insurance Co.
The Company's Canadian Head Office is in Ottawa where its Canadian business east of the Rockies is transacted. Canadian premiums are received, Canadian policies issued and Canadian claims paid in Ottawa.
Canadian Head Office
Ottawa, Canada.
Business Written in Canada in 1925....... $165,123,047
More than that of any other company.
Insurance in force in Canada, end of 1925. $633,544,780
Largest amount in force in Canada in any company.
Policies held by Canadians, end of 1925.. 2,215,742
Largest number in force in any company in Canada.
Paid Canadian Policyholders in 1925...... $ 8,540,178
Investments in Canada, at end of 1925....... $125,150,919
Invested in Canadian Government and Municipal Bonds.. $ 88,743,283

Low Mortality.
The Great-West Life selects its risks with extreme care.
Its low mortality contributes to the liberal profits enjoyed by participating policyholders, THUS REDUCING THE ACTUAL COST OF PROTECTION.
Protection with Profit
THE Great-West Life
ASSURANCE COMPANY
HEAD OFFICE WINNIPEG
It is Maximum Benefit at Minimum Cost.
30

Insurance

(Continued from page 14)

HITS AT CREDIT EVIL IN INSURANCE FIELD

Superintendent of Insurance for Manitoba Says It Gives Many Free Insurance

A protest against the practice of giving credit on insurance premiums was voiced by Charles Heath, superintendent of insurance of Manitoba, in his presidential address at the convention of the Association of Superintendents of Insurance at Victoria. He said:

One evil, that I consider is perhaps the worst I know of, is the credit evil. The blame for this is directly attributable to the insurance companies themselves and is another outgrowth of keen competition for business. Insurance should be a strictly cash business and when I was actively in the business, eight or ten years ago, it practically was so; if I chose to give credit that was my own affair, the company required the premium to be paid before the fifteenth of the following month. There are two ways of curing this evil; one, and undoubtedly the more preferable, is for the insurance fraternity to clean up its own business and devise a remedy and this is what we have all been waiting for, but nothing has been done and the evil has been growing worse every year until some of the insuring public who are not too particular are taking advantage of this state of affairs and obtaining a great deal of free insurance for which the public is paying. The other way is by means of legislation. This, no one wants if it can be avoided, and must be resorted to only as a last expedient.

I note from my files that a great deal of interest was being taken in this question in 1921 and some of the insurance journals were very much interested in the question and invited correspondence relating thereto. The companies appeared to take the stand that the condition was only a temporary one and they could apply the remedy, but during the last five years the matter has almost grown out of hand, so much so that some company managers, though still opposed on principle to resorting to legislation, now admit that perhaps legislation is the only cure. We do not care how the evil is cured so long as we are rid of it, but it is to be hoped that the patient will not be allowed to die from neglect or while the doctors are arguing about which is the best remedy to apply.

AUTO AND ACCIDENT NEW CASUALTY CO.

David McIntosh, of Merchants' Casualty, Forms New Insurance Organization

A new casualty insurance company is entering the field at Waterloo, Ont., and has made application for incorporation under the Ontario Companies Act. The organizer and manager of the company is David McIntosh, of Waterloo, late of the Merchants' Casualty Co. of that city. The new company will be known as the Automobile and Accident Insurance Co., and will have an authorized capital of $2,000,000 in shares of $100 each. The first offering will be for 6,000 shares offered for subscription at $110, with $20 per share called, on which $10 will be on capital account and $10 as premium. This will provide a capital fund of $60,000 and a surplus of $42,000 after initial expenses have been deducted. Mr. McIntosh plans to sell an additional 4,000 shares, with $10 paid on capital account and $25 as premium.

The new company intends to write automobile and accident insurance in Ontario and to extend its operations into other casulty lines that prove themselves profitable. In its prospectus, the company points to the large number of foreign companies operating at present in Ontario as proof of the sound and profitable field that the province offers to casualty companies.

Mr. McIntosh is a Scotchman by birth and was at one time connected with the Eagle Star & British Dominion in Toronto. The following are the board of directors: William D. Euler, Kitchener; James Malcolm, Kincardine; Senator James P. Rankin, Stratford; Edwin W. Clement Kitchener. Other directors will be added after incorporation.

FORD OF CANADA UNIT SWINDLE IN NEW GUISE

"Units" Now Exchangeable for Units in New American Company

"Ford units" have bobbed up again in England.

British people who were induced to buy American units of the Ford Motor Co. of Canada, Ltd., and who seem to have lost their money unless they can collect 100 units and get them exchanged for one Ford share found that the Ford Motor Co. did not recognize the units, which were sold here at a price greatly in excess of the market value of one share.

Now holders of units are receiving a communication from the Canadian-American Investors' Corporation of New York stating that "its business has been absorbed through the purchase of all its outstanding stock, and henceforth its operations will be wholly conducted and managed by the purchasing and controlling corporation, Balco Products, Inc." "Until further notice, the American units, issued under the above-mentioned depositary agreement will be exchanged on a basis of two shares in the controlling corporation for each American unit."

Purchasers of Ford units wanted Ford shares. No information is given them as to the nature of Balco Products, Inc., what is the amount of its capital, who are the directors, when it was established, and what business it has done. Few in England know the financial standing of Balco Products, but it certainly is an extraordinary proceeding to write to holders of Ford units in this country and ask for the American units to be forwarded, in exchange for each of which two Balco shares will be given. This wipes out the units so far as the British public is concerned. The units, if sufficient can be collected, may have a value, but Balco shares in the absence of information, may be sheer waste paper, says the British press.

Dominion Gains in August

Dominion Life's production during August of last year was $1,230,000. This year the month is credited with $2,139,000, an increase of 72 per cent.

Current Events in Banking World

FOREIGNERS OFFER INTERESTING TYPE OF BANK PROBLEM

Chinamen Good Financiers — Jews Want to Start Own Business

By KENNETH WILSON.

What kind of a banking prospect is the foreigner. The importance of this question is apparent when we realize that there are no less than 4,000,000 people of foreign birth living in Canada to-day. Nearly 45 per cent. of our population, representing 40 different races were born outside Anglo-Saxon countries. Day by day in all parts of the country these people make their way to one of the 4,000 branch banks to deposit their savings or to use the other facilities of our banking system.

Unfortunately the importance of the foreigner to the banking community can only be estimated. Bankers do not segregate their accounts according to nationality, and therefore the only means of approach to a question such as this, is through individual branches where the daily contacts are made with these people. From them, however, it is possible to learn something about the stranger within our gate, his position in the community, his value as a citizen, and his importance as a customer.

Backbone of Many Communities

For the most part these people are wage-earners. Laborers and working men of all kinds and descriptions, who in many cases are engaged in pioneer work in forest, field and mine. Quiet, inoffensive, and for the most part, law-abiding, they form the backbone of many frontier communities. Then in the large cities we find groups associated generally with one or two characteristic occupations. Chinamen we associate with laundries and restaurants, or Italians with the fruit business, each carrying on business in his own way, and by careful and systematic saving, able either to plough his earning into the business or to remit substantial amounts to his native land.

As a class, the Chinaman is perhaps the most picturesque. A proverbially good financier, he not only makes a good living for himself, but manages to save regularly a very fair proportion of his earnings.

According to Chinese law, a Chinaman must support his relations, which accounts for the large amounts of money that he remits to his native land. Chinamen also borrow extensively, especially in British Columbia, where their success as vegetable gardeners, and more recently as grocers, has been remarkable.

Among some Chinese communities there exists a unique organization somewhat in the nature of a financial pool. Instead of borrowing from the banks in the ordinary way, several men agree to pool their savings, and then hold a lottery. The lucky man takes the combined savings as a loan and agrees to pay interest and to return the money by instalments. This is but one example of the high sense of honor and business integrity of these people. Bankers who have had experience with them are delighted with the way in which they transact business, once they have obtained confidence in the man who is handling their account.

Jews Want Own Business

As far as banking is concerned, the Jews are in a class by themselves. According to one manager, whose business is almost entirely in a Jewish community, the great ambition of his clients is to start in business for themselves. Thus, no matter how carefully a savings account is nursed, as soon as it reaches about $400 or $500, it invariably disappears and turns up again as a current account either as a partnership or one-man concern.

Some years ago in Fernie, B.C., there were about 1,500 foreigners in the town, of which 75 per cent. saved their money carefully and regularly, thus forming a very substantial part of the bank's business. At that time it was estimated that over $100,000 was saved by these wage-earners, and remitted each year to Europe. Of course we would prefer that this money be spent in Canada, but men of this type are good, thrifty, intelligent citizens, and as they develop and become educated to our country, their interests become more and more Canadian.

Go to Government Banks

In view of the fact that many Eruopean banking systems are operated by the government of the country, we find that many foreigners prefer to use the Postal Savings Banks instead of banking with the chartered institutions. In support of this fact we find that strangely enough the deposits in the postal banks in the last 25 years have fluctuated very consistently with immigration.

The need for care and interest on the part of the branch manager is very essential if these people—especially those who are coming to our shores every year—are to be trained and educated as good Canadian citizens.

Most of them fortunately are thrifty by instinct, and there remains the human touch to link them in a financial way with the future prosperity of Canada.

BANQUE NATIONALE

The Banque Canadienne Nationale closed seven of its sub-agencies during the month of August as follows: La Providence, St. Ignace de Loyola, La Presentation, St. Adelphe de Champlain, Ile Perrot, St. Norbert (Berthier), St. Michel de Napierville, Que.

Book Reviews

How Banks increase their business, By G. Prather Knapp, published by Rand McNally & Co., Chicago, 1926, $5.

This book is, of course, American in its outlook, but will have an interest for Canadian bank executives studying selling as applied to banking.

Mr. Knapp places before the reader a classified and first-hand report on two decades of work in banking and bank business development. He presents plans and methods secured from bankers.

He helps bankers and publicity men generally to lay the groundwork for a structure of standard practices in new business development.

How to make a new business survey of a bank and its field, and how to use it as a basis for detailed recommendations, is the subject of a leading chapter. Other specific subjects in the 22 chapters include the qualifications and training of new business managers; solicitation plans; employees' contests; percentage basis for advertising appropriations; selection of mediums; preparation of copy; industrial and school savings plans; and co-operative activities in bank public relations work.

"How Banks Increase Their Business" is bound in cloth and includes more than 300 pages of text with some 50 pages of photographs and charts.

Staff Gossip

Wilbur H. Gleiser, formerly of the Bank of Toronto, has accepted a position with the Waterloo Trust & Savings Co., Waterloo, Ont.

* * *

Jack V. Sivil, of the staff of the Bank of Toronto, has been transferred to Barrie.—Sun Times, Owen Sound.

* * *

The following staff appointments have been announced by S. L. Cork, supervisor of Manitoba branches of the Royal Bank of Canada: M. A. O'Hara, who has been manager of the Winnipeg Main and Logan branch for the past eight years has been appointed to the management of the St. Lawrence and Craig St. branch at Montreal. J. L. Vickerson, second assistant manager at Winnipeg main office, will succeed Mr. O'Hara. D. G. Marble, accountant at Winnipeg Portage Avenue branch will shortly take over the accountancy at the main office.

Bank of Montreal Expands

MONTREAL.—The Bank of Montreal has purchased the Mexico City Banking Corporation and the latter has transferred its accounts to the Canadian organization office in Mexico City. With the exception of one German bank, Canadian capital now controls the foreign banking facilities in Mexico from the Texas border to Guatemala.

To investigate the possibility of establishing an export wine industry here with the use of Vancouver Island fruits and the employment of Italian winemakers, J. Ghezzi, of the Calissano Wine Co., of Alba, Italy, is now in Victoria. His firm is contemplating the establishment of a large wine making factory on the island.

Weekly Bank Clearings

EASTERN CITIES	Sept. 18 '25	Sept. 17 '26
Halifax	$2,660,907	$2,589,243
Moncton	730,257	791,739
St. John	2,599,441	2,337,089
Sherbrooke	859,227	816,978
Quebec	5,676,222	6,429,755
Montreal	98,734,229	98,169,240
Ottawa	6,657,571	6,473,583
Toronto	87,286,467	99,200,880
Hamilton	5,379,403	6,005,359
Brantford	971,782	1,099,897
London	2,533,890	2,613,030
Kitchener	974,141	975,207
Chatham	....	576,750
Windsor	3,417,969	4,257,602
Total, East	218,481,506	232,336,352

WESTERN CITIES	Sept. 18 '25	Sept. 17 '26
Fort William	$ 843,425	$ 943,425
Winnipeg	51,548,296	43,660,119
Brandon	606,803	591,211
Regina	5,314,615	4,431,739
Saskatoon	1,844,647	1,990,475
Moose Jaw	1,228,713	1,186,128
Pr. Albert	297,906	375,837
Lethbridge	592,767	479,170
Calgary	6,187,270	5,499,471
Edmonton	4,608,013	4,500,023
Medicine Hat	299,212	267,135
N. Westminster	824,758	820,160
Vancouver	15,625,434	17,248,924
Victoria	1,892,484	2,259,378
Total, West	91,814,343	84,253,195

NEW ISSUE

$5,000,000

Ste. Anne Paper Company, Ltd.

First Mortgage 6½% Sinking Fund Gold Bonds
Series "A"

To be dated September 1, 1926 To mature September 1, 1946

Authorized $6,000,000. To be outstanding $5,000,000. Principal and semi-annual interest (March 1st and September 1st) payable in United States gold coin at The First National Bank of Chicago, Chicago, Illinois, cr at The Farmers' Loan & Trust Company in the city of New York, or, at the option of the holder, in Canadian gold coin at The Royal Bank of Canada, in Toronto, Montreal, Halifax, St. John, Winnipeg, Regina, Edmonton and Vancouver. Coupon Bonds in denominations of $1,000 and $500 with privilege of registration as to principal. Redeemable in whole or in part on any interest payment date on sixty days' notice at par and accrued interest, plus a premium of 5% if redeemed on or before March 1, 1928, such premium decreasing thereafter ½ of 1% each two years until maturity. The Company agrees to refund upon proper application the Massachusetts income tax not in excess of 6%, the Connecticut and Pennsylvania 4 mills' taxes, the Maryland 4½ mills' tax and the Kentucky 5 mills' tax. Interest payable without deduction for Canadian taxes and for United States Federal Income Tax not in excess of 2%. Montreal Trust Company, Montreal, Trustee.

Of this issue, $2,500,000 has been withdrawn for sale in United States by Peabody, Houghteling and Co.

Legal Investment for Life Insurance Companies under the Insurance Act, 1917, Canada.

The following summary is based upon a letter of Mr. J. T. Donohue, President of Ste. Anne Paper Company, Ltd.:

The Company

Ste. Anne Paper Company, Ltd., is incorporated under the laws of the Province of Quebec and has now in process of erection a complete paper mill with rated capacity of 250 tons per day of newsprint paper. It is expected that the first unit of this plant will be ready for operation in the spring of 1927 and the second unit shortly thereafter. The site of the Company's mill is on the north bank of the St. Lawrence River about twenty-two miles below the City of Quebec. By reason of its location on tidewater the Company will enjoy unusual facilities for receiving raw materials and for distributing finished products to all markets.

Ste. Anne Paper Company, Ltd., through its wholly-owned subsidiary, St. Anne Power Company, has already acquired valuable wood cutting leases on Crown Limits and on freehold lands and is itself acquiring further cutting rights on other Crown Limits. These cutting leases and rights will assure an ample supply of pulpwood at low cost.

Assets

The value of the Company's assets and the assets of its wholly-owned subsidiary, after giving effect to the Company's proposed financing and upon completion of the pulp and paper mills, is conservatively estimated as follows:

Crown Timber Limits and Cutting Leases on Freehold Lands, as appraised	$ 4,050,000
Pulp and Paper Mills at Estimated Cash Cost and Mill Site, Riparian Rights, River Improvements, Rossing Plant, and Woods Equipment, as appraised	6,057,988
Working Capital	1,023,882
Total	$11,131,870

Earnings

Upon completion of newsprint plant under construction, it is conservatively estimated that net earnings of the Company, based upon present price of newsprint, will be not less than $1,400,000 per annum, after depreciation and available for payment of interest on these Series A Bonds. These estimated earnings are over 4¼ times the maximum annual interest charges of $325,000 on these Series A Bonds.

Sinking Fund

The Trust Deed will provide for annual sinking fund payments commencing December 1, 1928, estimated to be sufficient to retire 63% of these Series A Bonds prior to maturity.

Ownership and Management

Substantially all of the Company's common shares will be owned by Ste. Anne Investment Corporation (to be controlled by The Mead Investment Company of Dayton, Ohio), and Industrial Investment Company, Limited, and Abitibi Power & Paper Company, Limited, Spanish River Pulp & Paper Mills, Limited, Bayless Pulp & Paper Company, and by individuals immediately associated with these companies, and by Messrs. J. T. and Charles Donohue, of Quebec City.

As a result of this ownership, which is financially substantial and well able to protect its large investment, Ste. Anne Paper Company, Ltd., will have readily available the best business and technical talent for the operation of pulp and paper mills and for the distribution of its product in the logical markets which it will serve.

Security

These Bonds will be secured by a Deed of Trust and Mortgage constituting, in the opinion of Counsel, a first mortgage and charge on all of the Company's assets, present and future, specific as to real estate, plants, buildings, equipment and other fixed assets and a specific pledge of all the capital stock of St. Anne Power Company, the wholly-owned subsidiary, and a floating charge as to all other assets.

All legal details in connection with this issue are to be approved by Victor E. Mitchell, K.C., D.C.L., Montreal, for the Bankers, and by Messrs. Brown, Montgomery & McMichael, Montreal, for the Company.

We offer these bonds when, as and if issued and received by us, subject to the opinion of Counsel.

Price: 100 and accrued interest, yielding 6.50%

Peabody, Houghteling & Co.
Established 1865
CHICAGO

Wood, Gundy & Company
Limited
86 King Street West
TORONTO

Société de Placements du Canada
180 St. James Street
MONTREAL

We do not guarantee the statements and figures contained herein, but they are taken from sources which we believe to be reliable.

England's Future Now Depends on Empire Unity

Sir Alfred Mond Sees United States of Europe and United States of America Strongest Forces Outside of British Empire

By SIR ALFRED MOND.

I make no apology for discussing the problem of the future of the Empire. I have no doubt that the Dominion of Canada and its inhabitants, one of the greatest and most potent forces within the British Commonwealth of Nations, intends to remain permanently, in the future as in the past, within their political and economic complex, in which it will play a continuously greater and more important part.

I do not anticipate or even discuss the idea that the development of our American friends and the very vast territory across the border is going to deprive you either of your individuality or your connection with a very much greater, larger, more comprehensive and world-wide organization, the British Empire, but the time is arriving, and in my opinion is arriving fast, when expressions of loyalty and comradeship of however a genuine character, sincere and deeply felt as they undoubtedly are, will suffice to hold us together. We shall be compelled to frame a policy of more far reaching and concrete character.

Too Much Constitutional Discussion

Those who have explored the subject have too often approached it from the constitutional political point of view. Many ingenious minds have endeavored to construct merely constitutions. Many have endeavored to reconcile the natural independence of free communities within the Empire with some special organization to control them all, but no one has succeeded, and in my opinion is likely to succeed on those lines. Diversity of interests, difficulties of distance, the natural desire of people to manage their own affairs and in their own way and to look with suspicion on surrendering any part of those liberties impede progress along such a path, but there is another line of attack to which I would like to draw your serious attention.

Anyone who studies the economic trend of the world of the present day has borne in on him, both in private and public affairs, the obvious fact, continuously growing, concentration of iterests and of industry. Economic units become larger and larger. Industries become more and more operated as units. We see to-day the world shaping itself into certain definite economic communities. The enormous wealth, magnitude and resources of the United States make one great economic unit with ever increasing power. Not unnaturally the European countries feeling themselves opposed to an economic power of such magnitude are beginning to consider, and consider seriously coming together to form a counterpoise. This is being evidenced by combinations of the kind formed recently between the German Steel Trust and the Belgian & French Iron & Steel Industry, negotiations or accomplished facts of similar combinations, potash, chemical industries and in many other directions. There is no doubt that a large section of the business men of Europe are considering whether some form of economic union, free trade within the union, such as exists today in United States of America with production against those outside will not become an absolute necessity for the economic continuance of European industries. The whole trend of European politics as instanced at Locarno and Geneva under the new treaties and steps of the League of Nations, is to bring closer and closer together those whom the Great War seemed to divide forever and to compel territories which were torn apart by peace treaties to seek to become economically reunited.

England Will Have to Divide

I must not be understood to speak of the immediate future, but I am speaking of the trend of events which are casting their shadows before, and which may arrive sooner than any of us anticipate. Economic facts are stubborn things which, while they may be obscure or diverted by national or political sentiment, must ultimately carry the day. The question then arises and will arise for Great Britain, which, after all, in spite of its powerful, industrial position, is only one state with 45,000,000 inhabitants, where does it stand between combinations such as those I have outlined with United States of America and, let us call it, United Economic States of Europe? Can Britain afford to stand outside if it is invited to come in? If this great merger is effected, what is the policy of Britain to be?

There is a tendency among many thinkers in our country to regard Britain rather as a European power, mainly interested in European commercial relations and European affairs. There is a tendency which has become intensified with importance not unnaturally to be attached to the recent events and treaties to which I have referred. I myself endeavor to counteract what I think a dangerous tendency. I look on Britain as a pivot of a great empire which in itself is a greater economic force than either of the other two combinations. I think our eyes ought to be turned over the highways of the seas towards our dominions that the ocean unites and doesn't separate us rather than across the land territories across the channel. During the late war, the then prime minister, the present Lord Asquith and Oxford, set up a committee under the presidency of the Lord Balfour of Burleigh to investigate problems of British trade after the war. I was a member of that committee, and during its prolonged labors there was one indelible impression left on my mind, and that was the British Empire contained within itself almost every known or required raw material, food, and every necessity for development that it required; that it embraced a larger part of the world's surface, more varied in climate, more rich in resources and products with a larger aggregate population than any other economic unit that could be created, and if it were only possible to handle this vast complex with different dominions, colonies, protectorates as one economic whole and develop them to the best advantage of all, we should be in a position to obtain for all the members of this combination, and treat it as one, terms and conditions of the world's markets, modifications and amendments of tariff schedules and develop a prosperity far exceeding anything the world had ever seen.

Look on Empire as Whole

If we could only look at the empire as a whole and not in sections—if we could visualize it as one economic unit with a policy whereby there could be free intercourse of the Empire's goods within its own territories, as America has from New York to San Francisco, as you have from Quebec to Vancouver, with the necessary protection and the self-protection that is found necessary against those outside—we should form that said group, which is obviously called for to counterbalance the other two of which I have spoken.

You may say that such a project is too vast and difficult; that you are more interested in the development of some section of your own dominions and the establishment of some special development within your own borders.

You may see as I have done, the difficulty of reconciling those living far apart with temporary sacrifices for an ultimate gain. No one is more aware than I am of the difficulties, but I say these difficulties will have to be solved if ultimately the Empires survive. Not merely the empire, but the constituent parts thereof together, should be strong enough not merely to hold our own, but to excel in every possible combination. Separate and different economic units mutually excluding each other, endeavoring to drive, endeavoring to make our own arrangements separately with only that bargaining power which each one of us possesses must be obvious how much weaker and feebler we must be.

Only Small Part of Empire

I hope you will not resent my saying so to you who occupy half a continent, that large and enormous as this area is, big and difficult as its problems are, you are after all only a small part of the British Empire, just as Britain is only a small part of it too. The late Marquis of Salisbury, one of Britain's greatest statesmen, when foreign secretary, when some question between Britain and another country had arisen, advised those engaged in the controversy to study big maps; not to allow the pressure of our local circumstances to obscure the vision of the whole, not to shrink back from any problem because of its magnitude nor to despair of its solution because of its difficulty. When we entered on the Great War in 1914 no one foresaw the length of its duration, the magnitude of its operations, the difficulties we should have to encounter, and if they had they would shrink with horror from what seemed an impossible task. The British race proved itself capable of meeting every difficulty and of emerging victoriously from its greatest trial. It is the same outline of proposition which I have placed before you to-day. It will be useless and impossible to endeavor to enter into details of machinery, or to endeavor to explore all the economic problems involved. The principles once agreed on and accepted, just as during the war, difficult as it was, we overcame it, so in dealing with this problem when difficulties arise, if the same spirit is present we should overcome them too.

A world-wide empire, bound together by a new economic bond, sharing its citizenship of commerce, mutually supporting each other, standing shoulder to shoulder in the battle of the world's trade. It has stood shoulder to shoulder in the trenches of France and Flanders. That is my conception of our Imperial future. Have we got the courage to grasp it? Have we got the will to carry it through? Can we pave the way for the future so that this great legacy which has been entrusted to our hands for generations in the past to the generations of the future?

Look for Preferred Dividend Soon on Eastern Theatres

Earnings of Eastern Theatres for the fiscal year, which ended August 28 last, are said to have been well ahead of the preceding period. It is accepted as a fact by the street that the dividend on the preferred stock was earned in the first half-year, so that the full year's results should be productive of an attractive balance available on the 320,000 shares of $25 par value common stock, which has recently advanced to around 28 on the Toronto Stock Exchange. The common is beginning to discount the initial dividend, which many believe is not far off. The improvement in the company's earning power is in line with the experience of the theatrical business in Canada thus far in 1926, and explains the renewal of interest which has been centring in the shares of the various companies.

FOREIGN EXCHANGES

Outlook is Brighter for Franc of France

Conducted by S. J. ZACKS.

Although the Belgian and French franc declined to lower levels during the greater part of the week, a smart rally set in on Wednesday which shot these exchanges up very considerably. Trading in continentals has been very dull on the whole. The inactivity is attributed to government interference which appears to make a profit more difficult for the professional elements. Italian lire which has been the most active of the Europeans for some time past continued strong and registered a substantial gain over the past week.

The premium on Canadian funds remains at 5/32 but the demand for U. S. funds has been almost at a standstill.

The outlook for the French franc is decidedly brighter at present and the short interests are becoming scarcer. A confidence in the French government by the French people is reflected in the willingness of the French people to take notes such as the Bons de la Defense Nationale, which are really short term treasury bills running from one to twelve months, and which were not taken up readily in May and June. Last week Bank of France's statement showed a reduction of 545,145,000 francs in note circulation. Bank advances to the state were reduced by 150,000,000 francs. Tax receipts are said to be 5,000,000,000 francs ahead of last year.

There are some who believed that the improved financial position of France coupled with the execution of the new Poincare law permitting the purchase of foreign exchange by the bank against which notes may be issued and the announcement of the bank that it would buy gold coins at current rates of exchange, are all measures which will make possible early stabilization of the French franc. We all know that one of the prime steps in stabilization is the accumulation of gold reserve. The Bank of France has parted with little of its gold. It is estimated that two billions of gold coin has been hoarded bv the French people, principally by the peasants. The willingness of the Bank of France to buy gold coins at current rates of exchange, will undoubtedly help to bring about the surrender of much of the hoarded coin, especially after stabilization.

Another report intimates that there has been a tentative agreement between France and Germany, providing for sale of a large block of German government railroad shares in America and England, to furnish funds for the rehabilitation of Belgian and French finances. The consideration would be the freeing of German territory from foreign occupation, which would remove a great deal of friction.

Little authentic knowledge on the French franc appears to be available. Undoubtedly, however, the new government has made important strides towards stabilization.

NEW YORK FUNDS

	High	Low	Last Year High	Last Year Low
Sept. 16	1-8	9-64	x1-64	Par
Sept. 17	9-64	5-32	x1-64	1-64
Sept. 18	1-8	9-64	x1-64	Par
Sept. 20	9-64	5-32	Par	Par
Sept. 21	9-64	5-32	Par	1-64
Sept. 22	9-64	5-32	Par	1-64

xPremium.

STERLING, FRANCS AND LIRE

	Sterling Close	Francs Close	Lire Close
Sept. 16	4.85⅛	2.80½	3.61
Sept. 17	4.85⅛	2.79¾	3.63
Sept. 18	4.85⅛	2.80	3.63¼
Sept. 20	4.85 1/16	2.77	3.62¾
Sept. 21	4.85	2.71¾	3.64¾
Sept. 22	4.85⅛	2.78¾	3.69½

FOREIGN EXCHANGE

Par		Sept. 15	Sept. 22
19.30	Italian	3.64¾	3.69½
32.45	Brazil	15.30	15.19
23.82	German	23.81	23.81½
19.30	Belgium	2.74	2.63¼
84.85	Japan	48.44	48.65

PROVINCE OF QUEBEC

$6,000,COO. 5½% Bonds, due 1st May, 1936.

NOTICE OF REDEMPTION

NOTICE is hereby given that the PROVINCE OF QUEBEC has elected to exercise its option to redeem, and that it will redeem at par and accrued interest, on the first day of November, 1926, all of the $6,000,000 5½% Province of Quebec Bonds, issued under the authority of 11 George V. Chapter 3, and dated 1st May, 1921, to mature 1st May, 1936, but subject to redemption at any time after five years from date of issue, and that, on the first day of November, 1926, there will become and be due and payable upon each of the bonds aforesaid, at any of the places at which the same are expressed to be payable, 100% of the principal amount thereof, together with accrued interest, and that from and after such date interest thereon will cease to accrue and all coupons for interest maturing after such date shall be null and void.

On presentation and surrender of the aforesaid bonds in accordance with this notice, at the offices of the Bank of Montreal in Quebec, Montreal or Toronto, with all appurtenant coupons maturing after such redemption date, the bonds shall be paid at the redemption price aforesaid.

Such payment of the sum payable for the principal on each bond, upon redemption thereof, shall be made to the bearer of such bond unless it shall then be registered, in which case such payment shall be made to the registered owner.

(Sgd.) JACOB NICOL,
Provincial Treasurer.

QUEBEC, 21st September, 1926.

Credit - Canada, Limitee

DIVIDEND NOTICE

Notice is hereby given that a dividend of 4 per cent., being at the rate of 8 per cent. per annum, on the paid-up Preferred Stock of this institution has been declared for the current six months, payable on and after Friday, October 1, 1926, next, to shareholders of record September 1, 1926.

By Order of the Board,
LUC ROCHEFORT,
Vice-President.

NEGATIVE VERDICT ON JAMES BAY COAL

A negative verdict is given by a party of geologists headed by Dr. Montgomery, Toronto University, sent north to examine the coal deposits on the James Bay slope, Northern Ontario. By some it is cited as an answer to Prof. J. W. Russell, Western University, who said the coal would compare with that of Alberta.

Prof. Russell contends that the coal is of cretaceous age, the same as Alberta deposits. He says the top clays are glacial, and it has been accepted that the whole formation is glacial age. He contends that the glacial clays are thin and that cretaceous age clays, in which coal seams are found, underlay the glacial.

The latest report of the Ontario party is not available, but in light of the claims set up, it will be of wide interest, particularly the details of the exploration and studies made before reaching their negative conclusion. The Financial Post has been skeptical in regard to the claims made about the coal, because of past claims in regard to this area, but is anxious that the area should be tested out thoroughly, especially since a man of Prof. Russell's standing has come out in favor of it.

WORK and STUDY and WIN

A Shaw School Home Study Course for spare time in:
(a) Accountancy
(b) Applied Economics
(c) Business Administration.
(d) Exporting
will bring fine results. Free bulletin. Write Dept. P, 46 Bloor W., Toronto.

Canadian Industrial Alcohol Company Limited

DIVIDEND NOTICE

Notice is hereby given that a dividend of thirty-two cents (32c) per share has been declared on the Capital Stock of this Company for the quarter ending 30th September, 1926, payable 15th October, 1926, to shareholders of record at the close of business 30th September, 1926.

By Order of the Board.
J. GIBSON LAWRENCE,
Secretary.

SITUATION WANTED

YOUNG MAN (23), GOOD EDUCATION and address, ambitious, honest, not afraid of work, two years' business experience, best references; desirous of remaining in Canada; wishes position with established manufacturing or commercial firm, where his advancement will depend on merit. Box 282, FINANCIAL POST, Toronto, Ont.

Gotfredson Corporation Limited

DIVIDEND NOTICE

Notice is hereby given that the regular quarterly dividend of thirty-seven and one-half cents (37½c.) per share has been declared on the capital stock of Gotfredson Corporation Limited. This dividend is payable October 15th, 1926, to shareholders of record as at the close of business September 30th, 1926.

CHAS. S. PORTER,
Secretary and General Manager.
Walkerville, September 15th, 1926.

Western Grocers Limited

Notice of Dividend

A dividend of one and three-quarters per cent. (1¾%) on the New Preferred Stock of Western Grocers Limited has been declared for the quarter ending September 30th, 1926, payable October 15th, 1926, to shareholders of record September 30th, 1926.

By order of the Board.
W. P. RILEY, President.
Winnipeg. September 16, 1926.

Perfection Glass Company, LIMITED

NOTICE OF DIVIDEND

AN initial dividend of five per cent. (5%) on the capital stock has been declared payable November 1st to shareholders of record at the close of business, Oct. 15th.

By order of the Board,
ALEX. MacINTYRE,
Secretary-Treasurer
Montreal, 17th September, 1926.

Woods Manufacturing Company Limited

Preferred Stock Dividend Notice

The regular quarterly Dividend of One and Three-Quarters (1¾%) per cent. on the PREFERRED STOCK of WOODS MANUFACTURING COMPANY, LIMITED, for the quarter ending SEPTEMBER 30th, 1926, has been declared payable OCTOBER 1st, 1926, to Shareholders of record SEPTEMBER 27th, 1926.

By Order of the Board.
JOHN T. F. KEENE,
Secretary-Treasurer.
Montreal, September 27th, 1926.

CANADA CEMENT COMPANY LIMITED

ORDINARY SHAREHOLDERS

DIVIDEND No. 42

Notice is hereby given that a dividend of 1½% for the three months ending September 30th, 1926, being at the rate of 6% per annum on the paid up Ordinary Stock of this Company has been declared and that the same will be paid on the 16th day of October next to Ordinary Shareholders of record at the close of business September 30th, 1926.

H. L. DOBLE, Secretary.
Montreal, September 20th, 1926.

HOLT RENFREW & CO. Limited

Dividend Notice on Preferred Stock

Notice is hereby given that Dividends Nos. 26 and 27, amounting to 3½% on the Preferred Shares of the Company, be and is hereby declared payable on the 1st day of October, 1926, to shareholders of record at the close of business on the 28th of September, 1926.

By order of the Board.
R. B. LINDSAY,
Secretary-Treasurer.
Montreal, September 21st, 1926.

DEBENTURES FOR SALE

CITY OF PRINCE RUPERT BRITISH COLUMBIA

$81,659.64 .... 5% Debentures

Sealed tenders addressed to the undersigned, and endorsed "Tender for Debentures," will be received up to 5 P.M., Tuesday, 5th October, for the purchase of the following:

$53,659.64—Consolidated Local Improvement. Dated 1st June, 1926—one to ten years serials.

$28,000.00—Street Surfacing General. Dated 1st June, 1926—one to five years serials.

Principal and half-yearly interest payable principal cities in Canada and New York, U.S.A.

Bonds may be registered as to principal.

D. J. MATHESON,
Treasurer.

CANADIAN LOCOMOTIVE COMPANY, LIMITED

Dividend No. 59

Notice is hereby given that quarterly dividend of one and three-quarters per cent. on the Preferred Stock was declared payable October 1, 1926, to shareholders of record September 20, 1926.

By order of the Board.
G. W. DALY,
Secretary.
Kingston, Ont., September 10, 1926.

DOMINION TEXTILE COMPANY LIMITED

NOTICE OF DIVIDEND

A Dividend of One Dollar and Twenty-five Cents ($1.25) per share on the Common Stock of DOMINION TEXTILE COMPANY, Limited, has been declared for the quarter ending September 30th, 1926, payable 1st October, to shareholders of record September 15th.

By order of the Board,
JAS. H. WEBB,
Secretary-Treasurer.
Montreal, September 1st, 1926.

DOMINION TEXTILE COMPANY LIMITED

NOTICE OF DIVIDEND

A Dividend of One and Three-quarters per cent. (1¾%) on the Preferred Stock of DOMINION TEXTILE COMPANY, Limited, has been declared for the quarter ending September 30th, 1926, payable 15th October, to shareholders of record 30th September.

By order of the Board,
JAS. H. WEBB,
Secretary-Treasurer.
Montreal, September 1st, 1926.

National Grocers Co. Limited Toronto

DIVIDEND No. 4

Notice is hereby given that a dividend of two per cent., being at the rate of eight per cent. per annum, upon the First Preference Stock of this Company has been declared payable October 1st, for the quarter ending September 30th, 1926, to shareholders of record at the close of business September 18th, 1926.

Transfer books will be closed from September 20th to September 30th, 1926, both days inclusive.

By order of the Board of Directors.
A. C. PYKE,
Secretary-Treasurer.

PROVINCIAL PAPER MILLS LIMITED

DIVIDEND NOTICE

Notice is hereby given that Dividends have been declared by PROVINCIAL PAPER MILLS LIMITED, as follows:

Regular Quarterly Dividend 1¾% on Preferred Stock.

Regular Quarterly Dividend 1½% on Common Stock.

All payable October 1st, 1926, to shareholders of record as at close of business September 15th, 1926.

(Signed) W. S. BARBER,
Secretary.

THE TRINIDAD ELECTRIC COMPANY, LTD.

Notice is hereby given that a dividend of 1¼% for the quarter ending Sept. 30th, 1926, on the Capital Stock of the Company has been declared.

Warrants will be issued and mailed to the address of each shareholder and are payable at the Royal Bank of Canada, Halifax, N.S., on and after the 10th of October, 1926.

The transfer books of the Company will be closed from the 1st to the 10th of October, 1926, both days inclusive.

By order of the Board,
F. B. OXLEY,
Secretary.

The Sherwin-Williams Company, of Canada, Ltd.

Notice is hereby given that the twenty-fourth quarterly dividend of one and a half per cent. (1½%) for quarter ending August 31st, 1926, on the Common stock of the Company has been declared payable to shareholders of record the 15th day of September, 1926, and that cheques will be mailed September 30th, 1926.

By order of the Board.
D. A. WHITTAKER,
Secretary-Treasurer.
Montreal, Que.,
Sept. 13th, 1926.

The Dominion Bank

Notice is hereby given that a Dividend of three per cent. upon the paid up Capital Stock of this Institution has been declared for the quarter ending 30th September, 1926, being at the rate of twelve per cent. per annum, and that the same will be payable at the Head Office of the Bank and its Branches on and after Friday the 1st day of October, 1926, to shareholders of record of the 20th September, 1926.

By Order of the Board.
C. A. BOGERT,
General Manager.
Toronto, 26th August, 1926.

The Toronto General Trusts Corporation

DIVIDEND NO. 121

Notice is hereby given that a dividend of three per cent. (3%) has been declared upon the paid-up capital stock of this Corporation for the quarter ending September 30th, 1926, being at the rate of

TWELVE PER CENT. PER ANNUM

and that the same will be payable on and after Friday, the First Day of October, 1926. The Transfer Books of the Corporation will be closed from Thursday, the 16th day of September, until Thursday, the 30th day of September, both days inclusive.

By order of the Board of Directors.
W. G. WATSON,
General Manager.
Toronto, September 1st, 1926.

The Wabasso Cotton Company Limited

Dividend No. 35

Notice is hereby given that a quarterly Dividend of One Dollar ($1.00) per share has been declared on the Capital Stock of the Company, for the quarter ending 30th September, 1926, payable on the 2nd of October, 1926, to Shareholders of record at the close of business on the 15th September, 1926.

By order of the Board,
JAS. R. RITCHIE,
Secretary-Treasurer.
Three Rivers, Que.,
August 26th, 1926.

Laurentide Company Limited

DIVIDEND NOTICE

A Dividend of one and one-half per cent. (1½%) has this day been declared upon the Capital Stock of this Company for the quarter ending September 30, 1926, payable on Saturday, October 2nd, 1926, to Shareholders of record at the close of business, September 17th, 1926.

BY ORDER OF THE BOARD OF DIRECTORS.
W. F. ROBINSON,
Secretary.
Montreal,
September 9th, 1926.

The Toronto Mortgage Company

QUARTERLY DIVIDEND

Notice is hereby given that a Dividend of Two and one-half per cent., being at the rate of Ten per cent. per annum, upon the paid-up Capital Stock of this Company, has been declared for the current quarter, and that the same will be payable on and after

1st October, 1926,

to Shareholders of record on the books of the Company at the close of business on 15th instant.

By order of the Board.
WALTER GILLESPIE,
Manager.

The Sherwin-Williams Company of Canada, Ltd.

Notice is hereby given that the sixty-first quarterly dividend of one and three-quarters per cent. (1¾%), being at the rate of seven per cent. (7%) per annum, for quarter ending August 31st, 1926, on the Preferred stock of the Company, has been declared payable to shareholders of record the 15th day of September, 1926, and that cheques will be mailed September 30th, 1926.

By order of the Board,
D. A. WHITTAKER,
Secretary-Treasurer.
Montreal, Que.,
Sept. 13th, 1926.

Abitibi Power & Paper Company Limited

DIVIDEND NOTICE

Notice is hereby given that a quarterly dividend of 1¾% has been declared on the Preferred Stock of the Abitibi Power & Paper Company Limited, payable the 1st day of October, 1926, to shareholders of record at the close of business the 20th day of September, 1926.

By Order of the Board,
W. H. SMITH,
Secretary-Treasurer.

The Northern Mexico Power & Development Company, Limited

Notice is hereby given that a dividend of One and Three-Quarters per cent. (1¾%) has been declared payable, for quarter ending September 30th, 1926, on the Preferred Stock of this Company on the 1st day of October, 1926, to shareholders of record at the close of business on the 24th day of September, 1926.

By order,
T. A. SPOOR, Secretary.

Eighth Annual Pulp and Paper Number

THE FINANCIAL POST

The Canadian Newspaper for Business Men and Investors

Special Section 17-56 PUBLICATION OFFICE: TORONTO, SEPTEMBER 24, 1926 Special Section 17-56

News Merger Trend Significant and Sound

Mergers and Closer Association of Companies Works Out Well from Investment Angle — More to Come — What of St. Maurice River Valley?

There is a certain trend in the newsprint industry in Canada which is rather significant and which therefore is of interest to the holders of securities in these companies. In the first place, within more or less recent months there has been noted the trend toward the formation of big groups of companies, individually operated, but with interlocking boards of directors or other forms of association.

Perhaps, the newsprint industry today in Canada might be divided into three chief groups. These are the Spanish-Abitibi, the "Holt" and the International Paper groups.

The Spanish River Pulp and Paper Mills and the Abitibi Power and Paper Company are both closely associated and sell their output through the George H. Mead Company. So close are these companies that there has been merger talk for years and years; but there are many difficulties in the way of such a merger. In the first place, they operate on different water sheds and the financial structure of Spanish River would make the consummation of any such merger difficult. In any event, these two big efficient producers are closely linked, not only in combining to sell their output but also in other newsprint enterprises which they control. These include the Manitoba Paper Company and the St. Anne Paper Company, whilst Spanish River also has a large interest in the Fort William Paper Company and the Escanada Paper Mills in Wisconsin.

Sir Herbert's Wide Interests

Then there is the so-called "Holt" group of companies. These include all the companies in which Sir Herbert Holt is interested. They include such companies as the St. Maurice Valley Corporation and the Port Alfred Pulp and Paper Corporation. More than this, with the exception of the Price family, it is said that Sir Herbert Holt is the largest individual shareholder in Price Brothers. The latter company is linked with Brompton and Laurentide, as these three companies all sell their export output through the Canadian Export Paper Company. The St. Maurice Sales Company sells the output of the St. Lawrence Paper Mills, Port Alfred, and the St. Maurice Valley Corporation and some other smaller mills.

Furthermore, the Wayagamack Pulp and Paper Company has recently associated itself with Port Alfred and St. Maurice in the formation of the Anticosti Corporation which recently purchased that island. Thus, it can be seen that the ramification of the "Holt" group of newsprint producers is widespread.

Finally, there is the International Paper Company and its Canadian subsidiaries. The company's Canadian production of newsprint at the moment is cencentrated at its large mill at Three Rivers, but this will be augmented by another large mill near Hull, P.Q., and a third mill in New Brunswick.

Control by a Few

All this seems to indicate that the general trend of the industry is towards control by a few large, strong hands, and if this be so, it will work out to the eventual benefit of the shareholders, for with control in relatively few hands, the industry can be operated more efficiently, more economically, and will be in a better position to meet the various ups and downs of business as they occur.

Again, there is a great deal of talk at present about the merging of various newsprint producers. There seems no reason to doubt that this particular phase of the situation is one which is developing fast. While such mergers will make for a centralization of control and economy of operation, they should also re-act handsomely in favor of those who have their money invested in the securities of the corporations concerned.

Perhaps bond issues may be retired at a premium over their issue or over current market prices and new financing undertaken. Readjustments in perhaps the preferred and common share capitalization may be made; some issues might be retired, and others purchased outright and still others exchanged into new securities along lines that will be advantageous to the present holders of newsprint stocks.

And on the St. Maurice

The subject of mergers naturally brings up the valley of the St. Maurice river where it is often said there probably will be further consolidations. But whether these take place or not, the companies in the valley work in harmony and co-operate both in their log driving and forest fire protection services. This cooperation amongst these companies has resulted in the formation of log-driving and fire protective associations which carry out these important functions, and the very being of such organizations means lowered operating costs coupled with increased revenues applicable to the shares of the companies concerned.

The newsprint companies have accomplished much either by mergers or by close co-operation in the way of reducing operating costs. It seems certain that even more will be accomplished along these lines, but whether or not the mergers which are at present in the air will be consummated or not is a matter for pure conjecture; but whether they be consummated or not, the investor can rest assured that rivalry and competition between the individual units in the industry will not be such as to hinder this co-operation which has taken place in the past and which has brought forth so many economies.

More May Develop

Dealing with the merger possibilities along the St. Maurice, and the results to the investors as, if and when such mergers be consummated, Financial Service of Montreal recently published the following bulletin:

"Shrewd investors in the newsprint stocks are watching developments in the valley of the St. Maurice river. And why? Because they realize that developments must occur in this section which, while of importance to the industry generally, also indicate profits for the investor who is willing to bide his time.

"Those with a wide knowledge of the pulp and paper industry are convinced that there are more mergers to come in the valley, and they base this belief, not on rumors or whisperings, but on the fact that economic

(Continued on page 18)

INDUSTRY GATHERS IMPETUS IN WEST

British Columbia Fast Increasing Its Output — Australian Treaty Aids

The pulp and paper industry in Canada commenced operations in the East, yet the growing and insistent demand for pulp, not only in the western and middle-western states, but also in the Orient has resulted in the up-building of the industry in other sections of Canada.

The Prairie Provinces are seeing the establishment of their first pulp and paper industry in Manitoba, and considerable development is taking place on the Pacific coast. The Canadian-Australian treaty, which gives Canadian pulp and paper substantial preferences in the Australian market, is the prinicipal factor which is bringing about the establishment of two additional newsprint mills in the Pacific coast province which it is expected will double the newspaper production of British Columbia.

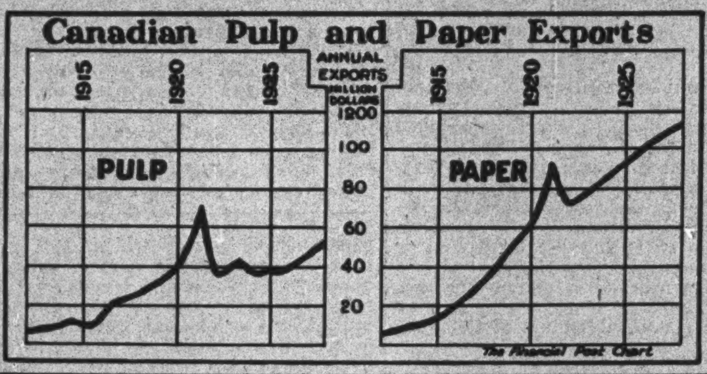
Though the province of British Columbia has been slower in developing its pulp and paper industries than the Maritime Provinces or Ontario or Quebec, this has not been on account of lack of raw resources, its possessions being immense. Of the 370,370,000 cords of pulpwood estimated to exist in Western Canada, British Columbia is credited with 275,370,000 cords, consisting of spruce, western hemlock, and balsam, whilst for the coarser grades of pulp a certain amount of Douglas fir is available. In conjunction with these resources are tremendous unharnessed water powers awaiting development, estimated at 3,000,000 horse power.

Development in Manufacture

Development in manufacture, too, has been quite rapid in British Columbia. In 1910 not a single ton of pulp and paper was manufactured in the province, and by 1919 the total value of the products of this industry amounted to $12,534,257. To-day British Columbia ranks third among the provinces in point of capitalization and production, following after Quebec and Ontario. In 1924 the capital invested was $41,111,470, and the provincial industry produced pulp to the value of $6,912,921 and paper to the value of $10,967,207. A total of 2,554 persons found employment in this activity.

The two existing newsprint mills of the province—one at Ocean Falls and the other at Powell River—are turning out at the present time a little over 500 tons of newsprint a day each, the 1924 production being 136,282 tons. Two new interests, the Whalen Pulp and Paper Mills and the Beaver Cove Lumber and Pulp Company, are aiming also at a production of 200 tons a day each, so that within a reasonably short time the British Columbia newsprint production will be about 272,000 tons of a value of nearly $20,000,000 annually.

British Columbia's newsprint production is marketed in the United States, Japan, China and Australia. Whilst all these markets are important and have greater possibilities in development, Australia has been the destination of the greater part of the provincial newsprint output, and the new establishments have taken place with a regard to the more favorable market the Antipodes have become under the new preferential arrangement.



Canadian Paper Makers Dominate Home Market

Fewer Imports Annually of High Grade and Wrapping Papers — Helps Position of Canadian Plants Producing Other Grades Than Newsprint

A study of the imports of paper during the past few years indicates that definite progress is being made by Canadian paper mills, apart altogether from newsprint, in getting more and more control of the Canadian domestic market. It is not so many years ago that English manufacturers of high-grade writing papers had a very strong hold in Canada and a few years ago nearly, if not entirely, all the blotting paper requirements of this country were supplied by outside mills. Gradually a number of what are termed "specialty" lines are being developed in Canada, and a gratifying response is being obtained. Year by year the quality of bond and ledger papers made by Canadian mills is being improved, and the statement of Howard Smith, of Howard Smith Paper Mills, a year or so ago, that so far as his company was concerned it did not matter much whether there was a protective tariff or not, was expressive of the confidence with which Canadian paper manufacturers look forward to the production of goods of such a quality and at such prices that they can win a higher and higher percentage of the papers consumed in Canada.

Difference Between Newsprint

Let any confusion arise as to the position of these other grades of paper in contrast to that of newsprint, it should be stated that in the latter field Canadian manufacturers have no competition from outside mills; all the paper used for the production of newspapers in Canada is the product of Canadian mills. For various reasons the position of the mills that produce book and writing and other grades of paper other than news, is such that competition has existed for domestic business in the past and must continually be faced, but, as has been stated, the Canadian manufacturers are steadily winning their way to a pronounced ascendency in the Canadian field.

Imports Are Being Cut Down

Records of the Department of Trade and Commerce at Ottawa, for the fiscal years ended March 31, 1924, 1925 and 1926, supply rather encouraging illustrations of this tendency. In the case of kraft or wrapping paper, for instance, imports for the twelve months were reduced from $67,000 two years ago to a little under $40,000 for the past year. This paper finds its largest producer in Canada in Wayagamack, with Dryden and the E. B. Eddy mills among the other manufacturers.

Wrapping paper of other kinds than kraft were cut down from $497,000 to $391,000 in 1925 and $333,000 for the fiscal year of 1926.

In the case of bond and ledger paper the situation is not quite as clear, although there is an appreciable decline shown.

Blotting and Crepe Papers

Two fields that promise interesting developments in the near future in cutting down of foreign competition are those of blotting paper and crepe paper. The Howard Smith Paper Mills, for instance, have recently developed the making of blotting paper on a fairly large scale and are meeting with a favorable response. The Western Quebec Paper Mills are specializing on crepe paper and the records of imports in both cases indicate a reduced consumption of goods from outside sources. The following comparative imports indicate the trend in favor of Canadian-made products:

	1924	1925	1926
Kraft wrapping papers	67,731	46,035	39,896
Other wrapping papers	497,159	391,755	333,257
Bond & ledger	120,371	92,801	119,1[illegible]
Blotting	89,521	92,490	83,700
Crepe	44,023	41,523	36,830

Newfoundland Adds to Production of Paper

Completion of Newfoundland Power and Paper Company Plants Gives the Old Dominion a Daily Output of 670 Tons of Newsprint

With the recent installation of the last 100-ton machine in the mill of the Newfoundland Power & Paper Company, the old Dominion now has a newsprint capacity of 670 tons daily, composed as follows:

Anglo-Newfoundland Development Company, 270 tons; Newfoundland Power & Paper Company, 400 tons.

The first of these two companies was established in 1909, by the late Lord Northcliffe, as a source of supply for the raw material for his group of newspapers; the second company came into being through the conjunction of the Armstrong-Whitworth Company of Great Britain and the Reid Newfoundland Company of Saint John's. The erection of the paper mills and power plants of the latter organization ran into more money than was at first anticipated, and thus to-day the parent British company does not hold as large an equity in the property as was originally intended. However, the British company still maintains control of the undertaking.

Official figures from Washington, covering the imports of newsprint into the United States for the month of June and the first six months of the present year, indicate that Newfoundland is shipping in a fairly large way into that market. For the month imports amounted to 15,523 tons, as compared with only 766 tons one year ago. By far the greater part of this is being supplied by the Newfoundland Power & Paper Company.

For the first six months of the year the total shipments were only 24,754 tons, so that in June nearly double the amount was shipped as came over in the previous five months.

As Newfoundland is now playing a larger role in the North American newsprint industry, a review of the newest development, the Newfoundland Power and Paper Company, will be of interest.

Capacity of 400 Tons

These mills, which will have a daily output of 400 tons of newsprint papers, were first officially opened on Monday, August 24, 1925, by the Governor of Newfoundland, Sir William Allardyce. The celebration occupied two days, and was the greatest of its kind in the history of the Island.

The mills and townsite are situated at Corner Brook, in the Bay of Islands, midway up the west coast of Newfoundland, three miles from the mouth of the Humber River, which opens into that bay. This river is one of the largest in the Island, with an immense drainage area extending far into the interior and tapping two of its largest water systems, those of Grand Lake and Deer Lake.

Competent experts estimate that with comparatively slight regulation of the rivers and lakes within the drainage area it is possible to produce 250,000 horse-power of hydro-electric energy, but the present development amounts to 100,000 horsepower.

Built on Reclaimed Land

The area on which the mills actually stand was three years ago part of the ocean itself, but the 40 acres over which the plant extends were filled in and the buildings constructed thereon. Some half a million cubic yards of earth were taken from a hill close to the shore, and used to fill in the site, where the mills and the yards for the storage of the pulpwood were to be located. Incidentally on the top of the hill which had to be removed, was a cemetery that had been used for generations by the small fishing community established at the spot; all the bodies had to be removed and reburied in a new cemetery made for the purpose far up the valley.

Hydro Installation

The hydro-electric installation is on the shore of Deer Lake, 32 miles up the Humber Valley from the mills, and the power generated there is transmitted from Deer Lake to Corner Brook by means of transmission lines carried on latticed steel towers. The flow of water for the power development is obtained from Grand Lake which has now an area of 215 square miles and a drainage area of 1,650 square miles. Grand Lake is being used as a storage reservoir, and to increase its efficiency in this respect the level of the lake was raised 30 feet, increasing the superficial area of the lake itself by some 30 square miles. To convert the lake into a reservoir a reinforced concrete dam, 800 feet long and 75 feet high, was constructed at Junction Brook, the outlet from Grand Lake into Deer Lake.

The resultant "lifting" of Grand Lake flooded some ten miles of the railway line, which ran along its northern shore, and the railroad had to be diverted to a higher level and then carried across Junction Brook or the top of the dam, a remarkable engineering feat in itself. Then, to carry the water from Grand Lake to the power house at Deer Lake, a canal had to be cut seven miles long and 30 feet deep, and 120 feet wide at the bottom, the sides sloping outward to a width of 200 feet at the top. The excavation and construction of the canal involved the removal of approximately 5,000,000 yards of earth.

While the waters of Grand Lake supply the electric energy in the main, the forests in that region supply much of the pulpwood. This, when cut, is conveyed in large booms to the canal, and passed into it, whence the wood flows to the outlet of the canal near the power house, and where, by means of a sluice, the logs are carried into Deer Lake and then towed in other booms to the yards, where they are cut up. The annual supply required for the mills is estimated at about 180,000 cords (a cord being equal to 528 cubic feet, or two tons weight).

2,000,000 Acres of Land

The lands held by the company total 2,000,000 acres, half of which are in the Humber River watershed, and the remainder located west of that valley along the railroad south to Cabot Strait, and in other parts of the west coast. The company can, therefore, meet its requirements from three sources of supply and can secure a delivery of its logs at the mill site by towing them down the Humber River and Arm, bringing them to the mill site by train, or conveying them from other points by steamer or barge; and it can also purchase from holders of forest areas in other parts of the island. Its needs in this respect can therefore be regarded as adequately insured for many years to come. About 2,000 men will be required for logging operations during the autumn and winter, and an effective organization has been created for handling these men, supplying them with all necessaries during the cutting season, and transporting the "cut" to the mills during the next summer, while steel tugs are under construction at Deer Lake and Grand Lake for towing the booms of logs in these areas. At the mills there is an area of 750,000 square feet provided for the storage of the wood, which is put through cutting mills, and sawn into required lengths as it arrives from hour to hour, the surplus being stored for use in the winter months.

The water from the canal enters a forebay at a point above Deer Lake, where a "head" of 257 feet is obtained. The water drops down to the power house on the margin of the lake through seven penstocks, each 4,000 feet long, and of which 2,500 feet is of wood stave, and the remainder riveted steel pipes, 10 feet in diameter, as the drop becomes acute and the pressure great in this

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What Does the Future Hold in Store for Holders of Newsprint Stocks?

Many Factors Affect Situation — Some Are Rosy and Others Not—Present Position of Industry Comprehensively Compared With Reference to Oncoming Additions to Output

By RIELLE THOMSON.

Newsprint. Almost a magical word which rightly conjures up in the minds of investors bright visions of an industry which has grown amazingly, is still expanding and has brought profit to those interested in the various companies.

However, most investors care little about the past—possibly not enough, and to-day they are wondering about the future of the industry as a whole and perhaps fear that the expansion period is nearing an end. What exactly then is the situation in the newsprint industry in North America to-day? Perhaps the best manner in which to answer this comprehensive question lies in a review first of all of the present production by the various companies on this continent. From this will be seen from whence comes the immense supply which appeases the appetite of the hungry printing presses in the U. S.

Of course, some of the newsprint manufactured on this continent is sold overseas and markets abroad enter in no small measure into the picture. But broadly speaking, it is the United States upon which this country relies to purchase its output of the fundamental stuff which goes into the business of newspaper making. Furthermore, as the United States produces almost as much newsprint as Canada, it is of course necessary to take into consideration the production from the whole continent, and not Canada alone, in any attempt to present a picture of the present position of the industry in the Dominion.

The Increase Coming

After obtaining a picture of the location of the various plants which produce the North American output, their production figures must be compared with the new production from projected mills and those actually being constructed. Thus it will be possible to compare the increased amount of newsprint which will come on the market within the next year with the increases which have occurred in years gone by.

For a long pull the Canadian newsprint stocks are still undoubtedly attractive, but no one can tell what the level market prices will be one, six or eight months hence. But the actual figures tell the story better.

Accompanying this article is seen the list of the newsprint companies with their daily capacity in tons. The capacity of the Canadian mills is shown at 6,291—in the month of July last these mills produced 6,333 tons, but since that date another 100 ton machine has begun operation. The U. S. production is shown at 5,568 tons daily; these mills in July last produced a total tonnage of 5,687 tons daily. From this it will be seen that this summer the mills were working at over their rated capacity in order to keep up with the strong demand for newsprint.

This is important in the general theme of arriving at some conclusions about the industry as a whole, for it indicates the position of the demand for newsprint at the present time. More than this, both the stocks on hand at the mills and in the hands of the publishers have been at a lower ebb than for several years past.

Year 1926 a Surprise

This condition has prevailed despite the fact that just before the beginning of 1925, there were many who believed that there would be a surplus production of newsprint during the summer season of the present year; the date at which there has usually been some slump in the demand in past years. In the past, the demand picked up again in the autumn months with the general revival of business. So that this autumn it would be safe to anticipate a still further growth in consumption.

Then there is another significant point to be taken into consideration in any thoughtful study of the production from Canadian and U. S. mills. The list of production by the American companies reveals the fact that of 38 producers in the States, 25 of these produce less than 100 tons of newsprint daily. Compare this with the Canadian companies of which there are only four not in the 100 ton production class. The fact that 65 per cent. of the U. S. companies are such small producers must mean that they can never compete with the Canadian mills in the actual cost of producing paper.

Will be Other Small Mills

Again, it is to be remembered that this list shows only the companies—not the actual mills. Thus it is safe to presume that considerably more than 65 per cent. of the actual newsprint mills in the States produce under 100 tons a day, for many of these companies operate several mills, some of which must be old and small producers. With Canadian companies which operate more than one mill, none of these mills produce under 100 tons daily.

Thus on the basis of mill efficiency alone, the Canadian newsprint industry is on a better footing than the source of their keenest competition, namely the U.S. producers. Add to this the fact that the pulpwood resources of the United States have been materially depleted and that the cost of wood at the Canadian mill is cheaper than in practically all the U. S. mills, and the investor can judge why it is that the International Paper Company has undertaken such broad scale developments in Canada.

In the past it has been said that with the opening of new newsprint producers in this country, some of the mills across the border would either be forced to close their doors or turn their production to the higher grades of paper upon which there is a high duty in the States. This year, perhaps, some investors have worried a little because, instead of decreasing, the U. S. production has mounted. But the reason behind this is the increased demand which has been experienced. As has been said, all the North American mills have been

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Newfoundland Adds to Production of Paper

(Continued from page 17)

section. The power house, a structure of reinforced concrete, 400 feet long by 80 feet wide, generates 100,000 horsepower continuously. This power, as already said, is transmitted from here to the mills, and is used for all purposes, even the raising of steam, in the mills and the town.

Product Newsprint Only

The mills themselves are among the very latest in the world, having every new feature of equipment which has justified itself. They are intended for the production of newsprint paper only, and attached to them are two large warehouses, 600 feet long by 135 feet wide, capable of containing 30,000 tons of paper each. The mills are themselves equipped with four paper-making machines of identical design, each producing a sheet of paper 132 inches wide, which is then cut into sizes as required, usually into three separate rolls. It is understood that contracts for the consumption of the entire output in the United States have been made, and the company has constructed two steamers of its own, named the Humber Arm and the Corner Brook, of roughly 6,000 tons. to be used in the transportation of paper to the markets where it is to be sold.

Will Soon be Town of 10,000

Coincidentally with the construction of the mills, the company set on foot the construction of a town in the vicinity, for the housing of its operating force. As is the modern practice with companies of this character, a town-planning expert of the highest standing was invited to undertake the task, and he has provided for a town capable of extension, so as to accommodate 10,000 people, to which it is hoped Corner Brook may attain in a few years.

A modern hotel with 100 rooms, described by some observers as the best east of Montreal, has been constructed there. A modern hospital has also been built and houses of varying grades, suitable for the different classes of the workmen and officials were also erected.

Cornerbrook's Location

Its location is an admirable one, it occupies a plateau in the centre of a valley beautifully wooded, with an outlook on Bay of Islands, one of the finest scenic vistas in the island; while it is directly on the main line of the Newfoundland Railway, which in fact runs through the plant, so that during the winter months, when Bay of Islands is inaccessible because of ice, shipments can be made to Port-aux-Basques, 130 miles distant, which is an ice-free port. The wharfage accommodation at Bay of Islands is sufficient for all the requirements of the company both for loading and unloading, and already 175,000 tons of machinery, material etc., have been landed there.

The Northcliffe mills have already proved that Newfoundland possesses great advantages in regard to the making of pulp and paper. Chief amongst these are the existence in the island of large areas of spruce very suitable for the purpose; the existence of a population of purely British stock easily adaptable for all the operations connected with the industry (as proved by the fact that to-dav more than ninety-nine per cent. of those employed in these mills are natives of the Colony); and the feasibility of establishing mills at or near tide water, so that the long and expensive rail-haul inevitable in other countries is avoided, especially when export is contemplated.

The cost of pulpwood in Newfoundland is much below that of several other countries, the labor cost is also less, and a substantial saving is made in the matter of ocean transport by comparison with mills in other parts of the world. The promoters of this enterprise are, therefore, very hopeful that it will eventually prove profitable, in which hope they are joined by the people of the colony generally, whose expectation is that the operation of these mills will contribute materially to the advancement of the prosperity of the Island and especially of its western section.

The company contemplates the sale of its excess power to other manufacturing industries which it is hoped to attract to the region by the cheapness of this element; and, if its success in this direction warrants, will then enlarge the power house and develop the additional power possible by units of 50,000 h.p. each. It is understood that negotiations with a view to power development are now on foot and that next year or so may witness the establishing of some of them.

News Merger Trend Significant and Sound

(Continued from page 17)

urge will bring further consolidations which have obviously only been delayed to date through the inability of the various operators to arrive at some concensus of opinion as to the value of the individual plants in the various sections of the valley.

"There are five companies which operate along the banks of the river, namely International Paper, St. Maurice Valley Corporation, St. Lawrence, Laurentide and Wayagamack. Will these companies operate singly in future years?

Large Savings Possible

"It appears unlikely, when savings of $1,000,000 a year can be brought about in the cost of logging operations alone; when further large savings in the cost of power can be made; when the cost of woods operations can be substantially reduced, and when myriads of other savings can be brought about through further consolidations. Thus, there seems no doubt that there are still large mergers in the offing. This merger tendency to bring about economies, stands out prominently in modern industry; and no one doubts that the operators in the St. Maurice Valley are less awake to this than business men elsewhere.

"Some of the savings which will accrue in such further mergers are not patently obvious. For instance, some of the companies in this region are not situated on tidewater, whilst others are. Hence a merger would allow those mills which are situated on deep water to make all the water shipments, whilst those mills which are inland would handle all the orders which have to be moved by rail. An important point in view of the increasing newsprint exports overseas.

Possible New Alignment

"But along what lines will such mergers be arranged? It is fairly obvious that International Paper will not acquire all the interests in this territory—but it might possibly acquire one or two. It is significant that the one mill which would prove of most value to International is Laurentide, for thus the big U. S. producer could also obtain a supply of power for its new and enlarged Three Rivers mill.

"How much International, or any other company, would have to pay for Laurentide is a matter for conjecture. For example, Laurentide's investment account totals only just over $5,000,000; yet its holdings of its power subsidiary amount to $7,776,000 figured at present market prices. Indeed it is understood that Laurentide would not consider an offer of $10,000,000 for its holdings of this subsidiary—in fact it is said that this offer has already been turned down.

"Thus, if any companv absorbs Laurentide, it will have to bid, and bid high, for from the foregoing it will be seen that there is another $5,000,000 in assets which does not make its appearance on the balance sheet. Furthermore, conservative bookkeeping is one of Laurentide's habits, and no one can guess just exactly how much more is hidden away. Thus the market price of 108½, which recently made the high record for the stock, could be considered anything but high if Laurentide is soon to be sold.

Signs and Portents?

"As to the other companies in the valley, already there are signs and portents of further consolidations such as the closer co-operation between St. Maurice and Wayagamack, which exhibited itself in the purchase of the island of Anticosti. How far such co-operation will extend in future is hard to estimate.

"Finally, there remains St. Lawrence which steadfastly walks by itself. There are no indications that this company will merge with any of the other operators—but then, this really is a matter of arriving at terms, and proper terms.

"All these companies can make savings by mergers. How long will it be before there remain only two big groups, say St. Maurice and International, operating along the river? The answer seems to lie only in the length of time which it will take these companies to arrive at some type of an agreement, for they realize the advantages of such a move.

"Of course there is nothing definite to indicate that Laurentide would merge with International. The latter might not expand, and the St. Maurice Valley Corporation might come to an agreement with all, or some, of the remaining companies.

"But whatever does occur, it seems certain that there will be profits in any such deals for the present shareholders. How long they will have to wait is a question which is up to the High Gods, namely, Sir Herbert Holt, A. R. Graustein and George Chahoon, Jr."

Proportion of Pulp and Pulpwood Retained for Domestic Use Increases

Much has been heard of the retention of our natural resources in Canada for further manufacture. There has been enough talk in the past five years on this subject to operate all our hydro electric developments by wind instead of water, and although this is an ideal for which to strive, yet in many of our natural industries it is still very far from accomplishment.

What then is the situation in the pulp and paper industry? This year the raw pulpwood exported to date shows a falling off as compared with 1925—this in itself is good. But the figures reveal the fact that our exports of pulnwood are more and more playing a minor role as compared with the pulpwood utilized in mills in this country. The figures follow:

Pulpwood Cut in Canada

Period	Cords	Percentage Exported
1909-1912..	1,616,629	57.3
1913-1916..	2,382,404	42.3
1917-1920..	3,551,316	33.0
1921-1924..	4,124,734	29.2

More Pulp Retained

Many Canadian paper companies are busily engaged in developing foreign markets—they are meeting with success in this endeavor. But broadly speaking, the natural market for Canadian paper lies in the country to the south. However, high grade papers cannot gain an entry there because of the high tariff bars which prohibit their entrance. This is the reason why the manufacturers of high grade papers in this countrv are forced to seek overseas markets. In so doing, of course, they are handicapped by transportation costs.

But despite this handicap under which the high grade paper manufacturer labors, it is encouraging to note that of the pulp produced domestically, a larger and larger proportion is retained in this country for further manufacture. This, of course, is largely due to the tremendous increase in the newsprint industry which has taken place over the last few years. Newsprint enters the U.S. duty free. The figures of the amount of pulp retained in this country follow:

Pulp Manufactured in Canada

Period	Tons	Percentage Exported
1909-1912..	524,869	57.9
1913-1916..	1,040,053	39.6
1917-1920..	1,674,423	39.2
1921-1924..	2,160,062	34.8

Mills in Seven Provinces

There are paper mills in every province except Prince Edward Island and Saskatchewan, although the great majority are in Quebec and Ontario. Even here we find a distinct tendency for a concentration of the industry at a few strategic points—strategic with regard to water power, wood, and access to markets. In Quebec these foci are the head of the Saguenay River and the mouth of the St. Maurice; in Ontario the foci are the Niagara Peninsula and the head of the Lakes, centering on Fort William and Port Arthur.

Industrial and
Public Utility
Securities

❦

Newman, Sweezey & Co.
LIMITED
136 St. James Street Montreal

Abitibi Power & Paper Co.
Limited
MONTREAL

Yearly Capacity:
165,000 TONS NEWSPRINT

Mills at
IROQUOIS FALLS
ONTARIO

What Does Future Hold for Newsprint Stocks?

(Continued from page 17)

working at, and above, capacity to meet the demand this year, but despite this, mill stocks and publishers' stocks on hand have exhibited a very marked decline. Obviously with the market in such a strong condition, the U. S. mills would have been foolish to lower their output.

New Production Coming

And now the further production which will come on the market during the last few months of this year and in 1927. From the following figures it will be seen that approximately 900 tons a day came on the market during the first half of this year, 900 more will be added by next New Year's Day and a further 900 tons has definitely been arranged for the first half of 1927. The figures follow:

Brought into operation in 1926—(first seven months)

	Tons per day
Canadian International	340
Kenora	125
Port Alfred	200
Powell River	100
Newfoundland	100
	865

To operate 1926—(last five months)

	Tons
Port Alfred	200
Powell River	100
Belgo	200
Brompton	100
xWaterway	150
Manitoba	100
St. Lawrence	150
	950

To operate first six months, 1927—

	Tons
Thunder Bay	100
Canadian International	450
Ste. Anne's	200
xWashington	100
Fort Frances	100
	950

x Both mills to operate in U. S.

Present Capacity

	Tons per day
Canadian mills	6,333
U. S. Mills	5,688
Total	12,021
Newfoundland mills	670
Mexican mills	50
Total North American	12,741
Projected increase by June, 1927	1,850
	14,591
Increase in 1925	13%
Increase 7 months, 1926	16%
Increase by June, 1927	14%

Seems Rather Hopeful

The foregoing figures show the present state of the newsprint industry in its relation to new production about to come on the market up to June, 1927. The significant thing about the figures is the fact that production in the United States and Canada showed an increase of 16 per cent. during the first half of the present year as compared with an increased production during the whole of 1925 of only 13 per cent. The large increase is more remarkable in that consumption has more than kept pace with the jump in the output. Furthermore, a very hopeful factor in the situation is that during the next ten or twelve months, production will increase at nothing like the rate exhibited during the first seven months of the present year.

Incidentally, in this industry consumption figures practically follow those of production, for the newsprint mills never store any of their output but ship, sometimes daily, direct to the publishers.

Like all other figures, too, the foregoing tell a story—but not the whole story. In the first place it will come as a surprise to many to note that actually two new machines are to start up in the States, one next December, and one in June. More especially as the boosters of Canadian newsprint securities have sometimes indicated that as a producer of newsprint, the United States has long been a back number. In a measure, however, the latter statement is true.

But the addition of these two new machines in the United States is due to special circumstances. One of the companies is going to produce newsprint from waste paper whilst the other, unlike many U. S. companies, has good timber reserves.

Will Be a Delay

From the figures shown above, it will be seen that new machines with a capacity of 950 tons a day will be producing by the end of the year — they will, but this does not mean that there will be an added production of 950 tons of newsprint daily by the end of next December. Far from it, in fact. Newsprint machines are probably the most intricate single pieces of machinery in the world. To synchronize the various portions of these units and to adjust their many intricacies to a point where they can be operated at their rated capacity takes, not days, but oftimes many months. Some of the machines which came into operation during last year were not turning out their rated tonnage at the end of six months.

Of course some of them will be brought up to near their capacity much quicker than this. For instance, early in August the first machine of the Port Alfred Pulp and Paper Corporation which began producing in May was operating at over 90 per cent. capacity. But this was a good record. So that, what with delays which will occur in the erection of some of these mills, and the time taken to tune their machinery, the investor will readily see that actual production will naturally lag considerably behind the date of the completion of these new mills—a factor which must be taken into consideration in trying to estimate the position of supply and demand in the newsprint market, to-morrow, next month, or six months hence.

Still Other Plants Projected

Of course in any consideration of these figures the fact that there are other mills projected must be taken into account. For instance, the Anglo-Canadian Pulp and Paper Mills has begun work on its plant at Quebec, P. Q. By the end of 1927, this company will be producing 200 tons a day and after that date its capacity will be increased. On the other hand, a considerable portion of this output will be sold to the Rothermere press in Great Britain. Nevertheless, it will increase the world production of newsprint by this amount and, like wheat, newsprint prices are dictated by the position of world, and not North American, markets. However, the North American market is the chief concern of the Canadian newsprint manufacturer, who, in selling there, reduces his transportation costs and thus can obtain a bettered profit.

The next step is the comparison of the projected increases in production with those which have gone before. The following figures show the total tonnage of newsprint which has been produced by the mills of Canada and the U. S. during the past seven years and The Financial Post's forecasts of the production for the current year coupled with the increased consumption which should take place in 1927 to absorb the increased output during that year:

	Tons
1919	2,178,000
1920	2,388,000
1921	2,033,000
1922	2,530,000
1923	2,751,000
1924	2,835,000
1925	3,052,000
1926	3,500,000
1927	4,000,000

Smaller Slump in Canada

And these figures too, do not tell the whole story. For example, it will be seen that the 1921 business slump materially lowered the consumption of newsprint. But the outstanding feature of the reaction, as far as the investor in the securities of the Canadian companies is concerned, was the fact the U. S. production showed a major decline, while that of Canada dropped off only slightly.

In 1920 Canada produced 876,000 tons which fell off to 808,000 the next year. But compare these figures with those of the United States where, in 1920, production was 1,512,000 tons and only 1,225,000 in the ensuing year. In other words when the decline in the demand for newsprint finally made its appearance, true, Canadian mills were forced to take up some of the slack, but the U. S. mills bore the major brunt of the decline. Of course, with a larger production, that country naturally would have to have absorbed more than Canada, but the point is that the U. S. mills absorbed more than their pro rata share.

All of which is simply added evidence to the claim that the newsprint mills of this country have little to fear from their greatest competitors, namely those of the U. S.

Other Than Rosy Factors

On the other hand, investors should not take only the rosy factors into consideration and before Canadian mills could definitely shut up U. S. competitors, prices might have to be reduced to still lower levels. But with the demand as strong as it is at present, there seems but little likelihood of any such step. In fact prices might even go up.

In any event, the general trend of the industry is towards Canada. In 1913 this country only produced one fourth of the U. S. production. For the future there seems more likely to be a gradual reduction of U. S. production rather than any immediate decline. This is the way the laws of economics work. And as the smaller mills in the U. S. come more nearly to the end of their timber resources, so they will be turned over to produce high grade paper from Canadian chemical pulp or perhaps into the business of the sale of power. The International Paper Company has definitely announced its intention of reducing some of its U. S. output with the advent of its increased production in this country.

Fundamentally Sound

From the foregoing it will be seen that when all is said and done the newsprint industry in Canada is basically sound and thus over a term of years should appeal to the investor who is willing to wait patiently for profits and, incidentally, this is the only type of investor who has ever relished his association with the stock market, for no one yet has made money on short market swings—and kept it.

Now there are other factors which affect the industry. Naturally the consumption of newsprint throughout the world in general, and in the United States in particular, will really only increase with the general level of business. If a marked business recession should take place in the United States, its reverberations would naturally be felt in the newsprint industry in this country. At the moment no cloud of ill omen obscures the business firmament in the States. Within the next year or so, minor business recessions may take place there, but if they are only minor affairs, the results to the industry in Canada would probably hardly be noticed in the income accounts of the newsprint companies.

Trend of Business in U. S.

But more and more the level of American business seems to be avoiding those accentuated ups and downs which characterized its course in the years before the great war. Possibly this is due to the inauguration of the Federal Reserve Banks which put a brake on business when the speed begins to show signs of growing too fast and furious; thus the corresponding periods of depression have not been so marked.

But the ultimate future of the Canadian newsprint industry does not depend on the yearly swings of business in that country, but on the general progress which will be made there three, four, five and ten years hence. With the single exception of timber resources, that country is rich in all that should go to make for its continued growth. The two fundamentals of industry, iron and coal, she has in abundance; the supply there is practically inexhaustible. The States has oil and can produce in her northern and southern climates practically anything, with the exception of rubber, which is produced elsewhere. Broadly speaking the future of that country should be one of continued growth and prosperity coupled with a high standard of living due to the richness of its natural resources. Thus there seems to be nothing which will prevent the growth of the Canadian newsprint industry with the general growth of the U. S.

More Overseas Markets

Again, Canadian newsprint is more and more finding its way into overseas markets. For instance, the impetus given to the newsprint mills on the Pacific coast by the conclusion of the Australian treaty; then the erection of the Anglo-Canadian Pulp and Paper Mills which will supply British newspapers.

Then too, newspaper publishers in the U. S. are more and more finding ways of increasing their circulations —and this is done not through taking them away from other periodicals, but by finding new newspaper readers. For example, the daily tabloid picture papers probably reach a class who in the main would hardly be able to understand the average leading editorial in the New York Times.

But, on the other hand, even admitting that in the next few years there is a decided business recession in the States, what would the result be? A similar result to that experienced in 1921 could be anticipated. Canadian mills might be forced to curtail their production, but the mills in other countries would be forced to curtail theirs to an even greater degree. In fact, with the majority of the U.S. mills getting on a more and more uneconomic basis as the years go by, some of these might simply be forced to close their doors with a consequently larger market for the Canadian producer.

Advertising Kept On

Furthermore, in the last recession, it was to be noted that the amount of advertising in the daily papers did not fall off to anything like a degree commensurate with the general business depression. All of which helps the newsprint industry in general, and the Canadian industry in particular. In other words, advertising is more and more being recognized as a vital necessity in the scheme of business, rather than good expenditure in good times, and not so good in bad times. Indeed many businesses now use "white space" to take up the slack of minor depressions which bodes well for its use in more serious times.

Thus, all in all, the future of the Canadian newsprint companies looks promising—but this is not to say that in the immediate future the shares will not move down—or up, for that matter.

The profits in the industry depend naturally upon the prevailing price at which newsprint changes hands. In this connection it is interesting to note that publishers of newspapers in the States look with disfavor upon any lowering of the present prices, for the publishers know full well that should prices decline, they might be asked to sell their advertising space at lower rates. More than this, they know that they might have to lower their retail price—an idea which has little appeal as thus the retailers would have to obtain a higher percentage of the sale price.

Bad Times Too May Come

Like other industries, the Canadian newsprint producers will have their bad and their good times. Most of these companies have built themselves into a position of sound financial strength and will be well equipped to meet any reverses as they occur—of course the industry must meet its leaner years; in view of the conditions which have been reviewed in the foregoing, it seems reasonable to presume that a rough road for the industry is still some distance away.

Thus the investor who has purchased his newsprint shares in a sound company with an able management need not be disturbed by rumors of overproduction — and on the other hand, he should not be unduly elated by the present current of optimistic chatter which is going the rounds about the newsprint industry as a whole, for he is holding his stock, not for such rises as recently occurred in the newsprint group, but for real rewards which he should obtain from investing in an industry which is basically sound, and which shows many signs of further progress over the years which are to come.

From wood to finished product.

TISSUES
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Financing Canada's Forest Industries

THIS Corporation has been prominently identified with the financing of Canadian pulp, paper and lumber industries for the past sixteen years.

During that period we have underwritten and distributed issues of securities which have provided many millions of dollars for the commercial development of Canada's forest and power resources.

Among the well-known companies whose securities we have sold to investors are the following:

Abitibi Power & Paper Company, Limited
Bathurst Company, Limited
British Columbia Pulp & Paper Company, Limited
Continental Paper Products, Limited
Donnacona Paper Company, Limited
Fraser Companies, Limited
Manitoba Paper Company, Limited
Price Brothers & Company, Limited
Spanish River Pulp & Paper Mills, Limited
Stetson, Cutler & Company, Limited

This long and active connection with the development of the Canadian pulp and paper industry has naturally enabled us to accumulate very complete information regarding the industry and the securities of individual companies.

To present and prospective investors we offer exceptional facilities for supplying market quotations, information and advice.

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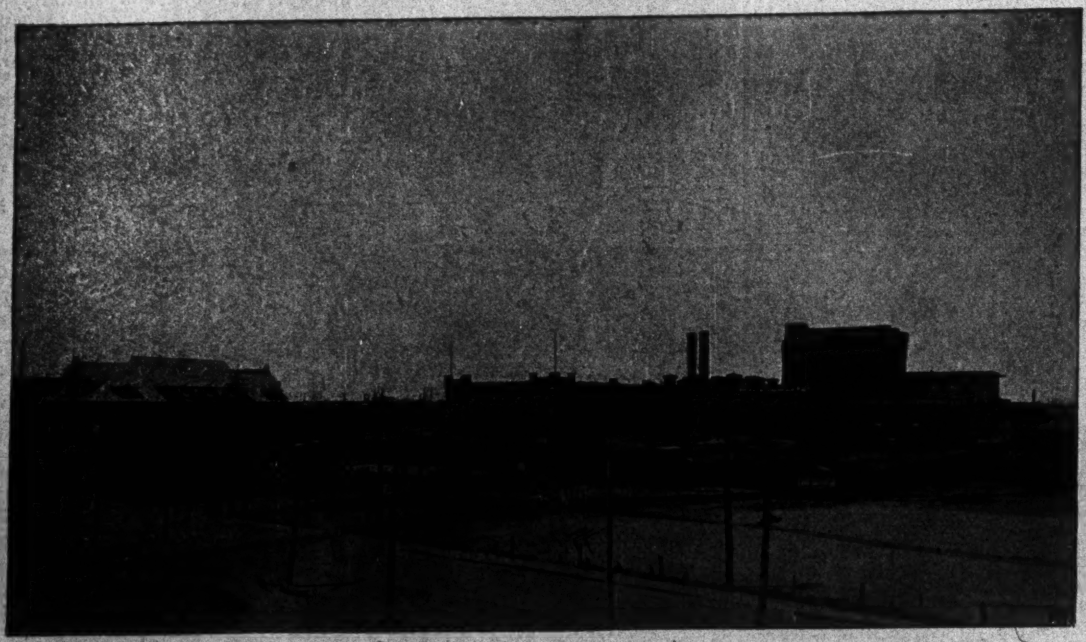

SAULT STE. MARIE

STURGEON FALLS

Seven Hundred Tons of Newsprint Every Day

EVERY day the mills of the Spanish River Pulp and Paper Company, Limited, turn out seven hundred tons of newsprint, more than enough to supply the daily demands of the great five-deck presses of two of the greatest newspapers in the world. That will picture, roughly, the enormous business being done by the company.

And, considering that, it is well to remember that this is only part of the production, and indeed considerably the smallest part, for the daily production of sulphite, groundwood and board reaches a total of almost a thousand tons daily.

The vital point of this production is that its great volume assures a stability of supply. There can be no failure to meet demand when day in and day out there is this steady outturn.

The three great plants of the Company with their enormous combined output makes the Spanish River Pulp and Paper Company Limited the largest producing organization of its kind in Canada, and one of the very largest in the world.

The Sault Ste. Marie plant has a daily output of 250 tons of newsprint and 485 tons of ground board.

The Sturgeon Falls plant produces daily 130 tons of newsprint and 230 tons of sulphite and groundwood.

The Espanola plant produces a daily average of 320 tons of newsprint and 260 tons of groundwood.

Diversity of Sources and Ample Resources Assures Stability of Supply

ESPANOLA

A Long Record of Fair Dealing And High Quality Guarantees Satisfaction to the Purchaser

The Spanish River Pulp & Paper Mills, Limited

SAULT STE. MARIE, CANADA

Abitibi Power & Paper

Mill Continues to Increase Its Efficiency — Company Has Long Record of Success and Dividend Will Eventually be Increased

The newsprint mill of the Abitibi Power and Paper Company, at Iroquois Falls, Ontario, is rated as being one of the most efficient in the Dominion. It is situated close to its source of raw materials; as a result, Abitibi produces newsprint at a low cost. In addition to cutting wood from its own limits, it purchases a great many cords yearly from settlers. To take care of its employees, the company has built up an attractive town site around the plant.

Each day in the week, except Sunday, the company sends away a trainload of paper. The surplus sulphite production of the mill is sold only when the sulphite market is attractive.

The company is well named, for not only is it a large producer of paper, but the production of its power plants totals 115,000 h.p. Some 60,000 horsepower comes from the Island Falls power plant which was purchased in 1924 from the Hollinger Gold Mines. Power from this plant was turned on for the first time in May this year. The company's Twin Falls plant produces 55,000 h.p.

Of course, Abitibi cannot use all its power to turn over its newsprint machines—the present surplus is utilized in new electric boilers which produce all the steam necessary and no coal is purchased.

Eventually, Abitibi will expand its output—probably to over 800 tons a day—in order to utilize more of its supply of power. But no definite decision has been made as to when a start will be made on such an extension.

During the past year the efficiency of the mills has been greatly increased and while its machines have a rated daily capacity of 500 tons, yet they have turned out as much as 550 tons in a day.

The mills are favorably situated in their close proximity to the company's ample timber reserves. How well its natural advantages have been turned to account is exemplified by its consistently good earnings record. Despite difficulties in the newsprint industry generally, Abitibi has shown a minimum balance of $7.25 a share on its common stock during the past six years. The present dividend rate could obviously easily be increased—when this will take place, though, is only a matter for conjecture.

Capitalization—

	Authorized	Outst'd'g
Common	*250,000	250,000
7% cum. pref..	$1,000,000	$1,000,000

*Shares.

On May 1, 1920, the old $100 par value shares were exchanged for five new shares of no par value.

Funded Debt—

1st mtge. bonds 6% due 1924-34	$2,354,000
Gen. mtge. bonds 6% due 1940	3,523,000
Con. mtge. bonds 8% due 1931	3,340,100

Dividend Record—

Initial quarterly dividend of 1¾ per cent. on pref. paid Jan. 1917; regular quarterly payments since. All accrued dividends aggregating 19¼ per cent. paid in full Oct., 1919.

On common initial dividend of 1½ per cent. paid on stock of $100 par value, Oct., 1919; Jan., 1920, 4½ per cent.; April, 1920, 7½ per cent. On July, 1920, initial dividend on no par value of $1.50 was paid; Oct., 1920, and Jan., 1921, $1.50 per share each; April, 1921, $1 per share, none thereafter until Oct., 1922, when $1 was paid; 1923, $4, and quarterly since.

Officers and Directors—

Alexander Smith, president; W. A. Black, vice-president; L. R. Wilson, vice-president; W. H. Smith, secretary-treasurer; R. A. McInnis, mill manager; T. Broadhurst, assistant secretary-treasurer; George H. Kilmer, K.C.; W. K. George, Geo. E. Challes, Victor E. Mitchell, K.C., D.C.L.; Sir Thos. Tait, A. J. Brown, K.C., E. L. Pease.

Market Record—

	Common High	Common Low	Preferred High	Preferred Low
1916	82	65	91	89
1917	59½	48	90	88½
1918	57½	48	90	90
1919	292½	48	110	90
1920	*340	248	97½	85
1920	†87	46½	..	..
1921	58	22	89	83
1922	71	30	100	83¼
1923	74	56½	100¼	90¼
1924	60	53	108½	97
1925	75¼	61½	111¼	98½
1926	98	70¼	116	106¾

* $100 par 1920.

†Changed to no par value May, 1920.

Profit and Loss—

	1920	1921	1922	1923	1924	1925
Receipts	$10,580,143	$ 8,861,810	$ 9,461,299	$11,047,667	$10,686,859	$10,364,677
Expenses	5,537,010	4,183,637	5,846,462	6,768,088	6,301,307	6,124,339
Net earn.	$ 5,043,133	$ 4,678,173	$ 3,614,837	$ 4,279,579	$ 4,385,552	$ 4,240,338
Interest	501,947	849,743	929,123	882,624	762,259	611,420
Deprec., etc.	793,018	989,763	802,391	930,186	625,505	539,000
Taxes	64,576	482,000	53,177	....	190,000	220,000
Pref. divd.	70,000	70,000	70,000	70,000	70,000	70,000
Com. div.	1,500,000	250,000	500,000	1,000,000	1,000,000	1,000,000
Res. for deprec. ..	....	2,177,144	....	....	1,236,143	1,521,461
Surplus	$ 2,113,591	x$ 140,479	$ 1,259,146	$ 1,396,769	$ 501,645	$ 278,457
Prev. surplus	1,574,979	3,688,570	3,548,092	4,807,238	6,204,007	6,705,650
	$ 3,688,570	$ 3,548,091	$ 4,807,238	$ 6,204,007	$ 6,705,652	$ 6,984,102
Earned on com. ...	14.45%	11.08%	7.04%	9.6%	6.00%	5.11%

xDeficit.

Brompton Pulp & Paper

New Financing Simplifies Company's Capitalization — Company's Strength Lies in Excellent Timber Resources — One U.S. Subsidiary Doing Better This Year

The assets of the Brompton Pulp and Paper Company which are valued at approximately $25,000,000 are among the most varied in character of any of the companies operating in the pulp and paper industry in Canada. They are principally located in the Eastern Townships of the province of Quebec, the principal exception being some timber limits and two subsidiary plants which operate in the United States. The Canadian plants are located at East Angus and Bromptonville and the two American plants in New Hampshire.

Brompton probably has the most varied production of any operator in this country; it includes newsprint, sulphite pulp, wrapping paper, pulp board and groundwood pulp. The East Angus mill turns out sufficient groundwood for the company's 110 tons daily production of newsprint; in the past, the company sold about 300,000 tons of groundwood annually, but with the completion of its new newsprint mill at Bromptonville, this production will be turned into newsprint, and it is expected that in carrying out the further manufacture, the company will reap bettered earnings. The new newsprint mill will be completed by December next.

The surplus sulphite pulp from the East Angus plant goes across to the Claremont, N. H., mill, whilst some unbleached sulphite comes over from the mill at Groveton, N. H., to be used in the production of newsprint. The bleached sulphite production of pulp is used for bond papers in the Groveton mill. In this way, the company is in a fairly good position, as the Canadian mills produce some of the raw material for the United States mill and vice versa.

Due to the poor markets for sulphite which prevailed up to a year or more ago, the diversified output proved something of a handicap. The real strength of Brompton lies in its timber resources—with the depletion of the timber generally on the North American continent, over a term of years it seems certain that Brompton cannot but fail to reap a bettered profit from these assets which, when all is said and done, are the real basis of the prosperity of any paper company.

As has been said, Brompton is busily engaged in erecting another newsprint mill with a daily capacity of 110 tons at Bromptonvlle. To finance this expansion, a new bond issue has recently been made. In addition, this issue retired several older issues outstanding and has simplified the balance sheet to a marked degree; it has also wiped out the high interest payments on the 1941 bonds which were sold at a time when high rates prevailed. Brompton's earnings have shown a marked improvement during the current year. For the first six months the net available for bond interest amounted to $666,345 as compared with a net in the preceding twelve months of $1,047,762. The company owns water power sites with a potential capacity of 15,000 h.p.

Capitalization—

	Par	Outstanding
8% cum. pref.........	$100	$2,000,000
Common	None	*140,000

*Shares.

In 1920 each $100 par value share was exchanged for two shares of no par value.

Funded Debt—

1st cons'l. mtge. 6% due 1935	$17,000
1st and refund, 6%, due 1940	$4,183,000

Dividend Record—

Preferred paid regularly to Nov., 1921; none thereafter until 1923, when all arrears were paid up. Feb., 1924, 2 per cent. was paid; Nov., 1924, 2 per cent.; 1925, 8 per cent.; Feb. 15, and May 15, 1926, 2 per cent. each.

On common initial dividend of 1 per cent., together with extra dividend of ¼ per cent., paid Feb., 1917; May, 1917, 1 per cent. and ¼ per cent. extra. Aug., 1917, 1¼ per cent., which quarterly rate was paid to and including Nov., 1919; Feb., May and Aug., 1920, 1½ per cent. each Nov., 1920, and Feb., 1921, $1.75 per share; May, 1921, $1 per share; none since.

Officers and Directors—

F. N. McCrea, M.P., president; H. Beauclerk, vice-president; W. N. Munroe, treasurer; J. A. Bothwell, general manager; R. E. Meagher, secretary; J. K. Greenshields, K.C.; E. W. Tobin, M.P.; C. C. Wilson, H. E. Munroe, T. McAvity Stewart, C. G. Greenshields, K.C.; Dr. Milton L. Hersey, James E. McCrea.

Market Record—

	Common High	Common Low
1916	79	43
1917	58¼	38
1918	63¾	41¾
1919	87	55
1920	*170	42¼
1921	57¼	13½
1922	40	15
1923	44	33⅞
1924	43	26½
1925	33¼	18

Profit and Loss—

	1920	1921	1922	1923	1924	1925
Net earnings	$ 1,853,589	$ 1,097,784	$ 1,607,213	$ 1,802,164	$ 1,128,581	$ 1,321,066
Depreciation	235,123	244,000	266,589	326,418	255,000	255,000
	$ 1,618,466	$ 853,784	$ 1,240,624	$ 1,475,746	$ 873,581	$ 1,066,066
Bond interest	137,580	200,774	362,784	308,134	288,572	299,359
Pref. dividends ...	140,000	155,000	x17,500	xx177,500	xx177,500	xx177,500
Arrears on pref. ...	....	....	....	160,000	....	....
Com. dividends .. .	665,000	885,000	....	....	....	....
Loss on inventory .	....	994,964	....	....	....	....
Surplus	$ 675,886	†$ 831,954	$ 860,840	$ 335,112	$ 407,509	$ 589,207
% earned on com...	9.44	....	5.13	7.11	2.91	4.21

xOn Claremont preferred.

†Deficit.

xxIncludes $17,500 dividends on Claremont Paper Co. pref.

Bathurst Company

Bettered Pulp Markets Have Increased Earnings—Expansion is Planned

During the present year the earnings of the Bathurst Company have been well in excess of those of the corresponding period of last year. These gains, to a great extent, it is understood, have been made by the bettered showing of the company's chemical pulp mills. During the earlier part of 1925, pulp prices generally were unsatisfactory, and only started to improve in April of that year. This year, the company not only has obtained better prices for its chemical pulps, but it has considerably increased the sales of this branch of its production. The company's newsprint mill, which turns out 50 tons daily, is doing satisfactorily, and output has been increased over 1925, with a consequent reduction in costs.

Up to a year or two ago, the company was affected by the poor conditions which generally prevailed throughout the chemical pulp industry. But its incomes were never reduced to a point where the interest payments on its bonds were endangered. During 1925, the company experienced a material improvement in earnings, and still further progress will be made during the present year.

Since 1907, Bathurst has produced spruce lumber, sulphite and sulphate pulp, and, in 1923, it began its career as a manufacturer of newsprint paper. It was the first newsprint producer in the Maritimes and supplied many of the newspapers in that territory.

Eventually, it is planned to add another newsprint machine, which would bring its daily capacity up to about 120 tons. It is possible that this development may be undertaken in the comparatively near future.

The company also has provision for the installation of a third unit in its hydro electric development, which would increase the capacity of that plant by about 50 per cent. It owns its own deep-water docks and its products are shipped to all portions of the world. The company's power development at Grand Falls, on the Nepisiguit River, has a capacity of 9,000 h.p. A portion of the power requirements of the town of Bathurst, N.B., are supplied by the company.

Within recent months, the Bathurst Company received legislative authority to develop storage dams and to erect another power development at a point known as "The Narrows," on the Nepisiguit River.

Surveys and plans for this work are proceeding, and work on the storage dams will probably commence this year. The erection of these dams will increase the capacity of the company's present power development and this power will be used to double the production of newsprint.

The subsequent development at the Narrows power site will enable Bathurst to further extend its newsprint capacity by the addition of two large newsprint machines.

Capitalization—

	Authorized	Outst'd'g
Common shares		$9,794,200
Bonded Indebtedness—		
6½% 1st mtge. bonds,..	1941	1,349,500
7½% 1st mtge. bonds,	1941..	1,285,000

Convertible into common at par.

Timber Supply.—The company's and subsidiary's leasehold timber lands comprise 1,030 square miles in the Province of New Brunswick and 1,533 square miles in the Province of Quebec, which areas are held under lease direct from the Crown and are estimated to contain not less than 2,000,000,000 feet board measure of spruce, pine and cedar logs and 10,000,000 cords of pulpwood.

Properties. — Consist of mills and plants at Bathurst, N. B., and a developed water power at Grand Falls with a present capacity of 9,000 h.p.

Production. — A daily output of 50 tons unbleached sulphite, 70 tons of kraft pulp; 80 tons groundwood; and 65 tons newsprint.

Officers and Directors—

Angus McLean, president; A. E. McLean, vice-president; M. E. Priesch, vice-president; John A. Cameron, Ottawa; L. S. DeGraff, North Tonawanda, N. Y.; Gordon C. Edwards, Ottawa; Cyrus D. Jones, Scranton; F. P. Jones, Montreal; Harry L. Jones, Brooklyn, N. Y.; F. M. Kirby, Wilkes Barre, Pa.; A. E. Loosen, Bathurst, N. B.; Hugh McLean, Buffalo, N. Y.; E. S. Peck, Scranton, Pa.; F. L. Peck, Scranton, Pa.

Profit and Loss—

	1924	1925
Oper. profits	$526,988	$854,032
Interest	313,029	286,922
	$213,959	$567,110
Depreciation	215,739	460,544
Depletion	......	86,908
	$215,739	$547,452
Net profit	*$1,780	$19,658

*Loss.

Manitoba Paper

New Company Whose Plant Will be Operating by the Year End

The Manitoba Paper Company is owned by the Spanish River Pulp and Paper Mills, the Abitibi Power and Paper Company and by financial intrests closely associated with these two organizations.

The plant, which is under construction at present, will have its first unit completed and ready for operation by December, 1926. The mill will contain two machines, with a total rated capacity of 250 tons of newsprint daily. The site of the mill is a tract of some 500 acres on the south bank of the Winnipeg River, close to Lake Winnipeg and 60 miles from the city of Winnipeg. The company has deep-water transportation from its own timber reserves directly to its plant. The mill will include a sulphite as well as a groundwood mill; thus the plant is self-contained.

The company owns, through a subsidiary power company, the priority right to development and use for its own purposes a water power which adjoins the plant. This site is capable of being developed to 75,000 continuous horsepower at low cost However, development of this site at Pine Falls has been postponed to a later date, due to the fact that there is an abundance of cheap hydro electric power in the province of Manitoba available. To finance the undertaking, a $4,000,000 first mortgage bond issue was publicly subscribed in April of this year.

Capitalization—

	Authorized	Outstand'g
Common ..... (No par value)	125,000 shs.	125,000 shs.
Preferred	$10,000,000	$4,800,000

Eight per cent. cumulative. Par $100.

Funded Debt—

First mortgage, 6½ per cent. serial bonds, $4,000,000.

Officers and Directors—

W. H. Hurlbut, pres.; G. H. Mead, Col. C. H. L. Jones, P. B. Wilson, G. R. Gray, A. Smith, L. R. Wilson, J. D. McArthur, T. Sweatman, B. W. Thompson, sec.

In the service of industry

Pulpwood and Lumbering

In the forests—as well as on the farms, in the mines, fisheries and factories of Canada—Fairbanks-Morse service and Fairbanks-Morse products play an important part in the service of Canadian industry.

In isolated mills, miles from the nearest city, where continuous service under strenuous conditions is essential, Fairbanks-Morse Diesel Oil Engines provide power for slashing and loading. Fairbanks-Morse Diesel Marine Engines drive the tugs which sweep and tow the logs, and Fairbanks-Morse Engines power the schooners which carry the pulpwood and lumber from port to port.

In the depots and camps you will find Fairbanks-Morse Forest Fire Pumps ready to be transported by canoe, pack horse, auto or aeroplane—to stand up sturdily in the gruelling fight against fire, the greatest enemy of our forest wealth.

Many of the lines described and illustrated in our general catalogue are manufactured in our own factories. Other lines we distribute for manufacturers who, by specialization, have made themselves pre-eminent in their special field. Our commanding position enables us to select the best for our customers.

Fairbanks Scales, Valves
Fairbanks-Morse Stationary Oil Engines
Marine Oil Engines
Pumps, Generators, Motors
Forest Fire Pumps
Pratt & Cady Valves
Reading Steel Valves
Pipe and Fittings
Steam Specialties
Machine Tools
Transmission Equipment
Graton & Knight Leather Belting
Dick's Balata Belting
Trucks and Contractors' Supplies
Deckle Straps
Ashcroft Paper Testers
Yale Hoists
Shop Supplies
Automotive Equipment

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The CANADIAN
Fairbanks-Morse
COMPANY-Limited
St. John-Quebec-Montreal-Ottawa-Toronto-Windsor-Winnipeg-Regina-Calgary-Vancouver-Victoria
THE MAKERS OF FAIRBANKS SCALES AND VALVES

CANADIAN PAPERBOARD COMPANY
LIMITED
ALL GRADES OF PAPER BOARDS
SMOKE
TURRET
CIGARETTES
BIG 20 PACKAGE
MELACHRINO
REX
SMOKING
MIXTURE
Piccadill
LONDON
SMOKING
MIXTURE

Canadian Paperboard Company exhibit. Note the value of paperboard for display purposes.

What's the Use?

—in Paperboard It Is Basic, Diversified and Increasing

From the above photograph, it will be seen that paperboard fills a fundamental and diversified need in modern business.

Paperboard boxes and shipping cases are more and more becoming carriers of much of the nation's goods — replacing the wooden box and the packing case.

Paperboard egg fillers in egg cartons of the same material are being increasingly used.

Wallboard, the basis of which is paperboard, finds a growing market.

Paperboard signs, replacing metal ones, lend themselves to effective, light in weight and economical display.

Paperboard is playing a dramatic part in modern merchandising. Paperboard brings neatness and advertising value to a container. People buy more readily what they see pleasantly. Moreover, it must be remembered the paperboard package helps to identify a product on the store counter or shelf, thus stimulating sales.

The counter carton, a more or less recent innovation, is helping speed the sales of small units of goods — and is often used as a means of introducing a product, which promotes the later purchase of larger units.

Nor must the value of paperboard be overlooked in the sanitary packaging of many food products formerly sold in bulk.

Despite the present numerous uses of paperboard, the end is not yet. New uses of paperboard are being continually created.

Investors who appreciate the essential, diversified and increasing use of paperboard will realize the strength of the Canadian Paperboard Company — especially in view of its position as the leading producer of paperboard in Canada.

Canadian Paperboard Company
LIMITED

Chipboard
Newsboard
Vat Lined Board
Strawboard
Woodpulp Board
Container Board
White Patented
Coated Board
Specialties

Canada's Largest Producer of Paperboard
Head Office: Montreal
Mills at Frankford and Campbellford in Ontario and at Montreal in Quebec
J. G. G. Kerry, President: David F. Robertson, General Manager: Chas. E. Whitten, Sectry. Treas.

**Yearly Output
30,000 tons of
paperboard,
3,000 tons of
groundwood pulp.**

Howard Smith Paper

Working Steadily Into a Stronger Financial Position — Completion of New Soda Pulp Mill in 1927 Will Increase Earning Power

The Howard Smith Paper Mills began work last May on the plant of its new subsidiary, the Canadian Cellulose Co. This company is controlled by Howard Smith Paper Mills and its plant is being erected at Cornwall, Ont. The new mill will enter production by the spring of 1927, at the latest. It will, at that time, have an annual capacity of 12,000 to 15,000 tons of soda pulp. Its ultimate capacity will be between 24,000 and 26,000 tons of soda pulp annually.

Although there have been rumors from time to time indicating that the parent company would undertake new financing to provide funds for this subsidiary, it is understood that financing has already been provided, sufficient to bring the mill into production. Part of the output of the new mill will be utilized in the Howard Smith production of fine papers, and a portion will be sold on the market; at present, the soda pulp market is stronger than that of sulphite pulp.

The new mill will consume poplar wood; the company has acquired from the Province of Ontario some poplar timber limits. It will embody the latest and best in pulp mill design.

With the completion of this subsidiary company, the parent company will have a total daily capacity of 50 tons of soda pulp, in addition to its other output. During the past year, the Howard Smith Paper Mills has benefited through the strength in the market for sulphite pulp, and it is more and more reaping the benefit of its development work in foreign markets, where its product is becoming better known and appreciated; thus, sales abroad are showing a steady and satisfactory increase. Reports indicate that the company is experiencing a satisfactory improvement in its earnings during the fiscal year to date.

The output of the Howard Smith Paper Mills consists of every kind and grade of paper, with the exception of newsprint. Something over 10 per cent. of its production is exported to foreign countries, chiefly Mexico, Australia, New Zealand, India, Japan, China and the British West Indies. The actual profits obtained on the export of paper are said not to be large; however, by holding these markets, the company can cut down on overhead by means of its increased production. Moreover, the export trade is growing. This year some good orders for bond paper have been secured from England, and the company anticipates a growth in the British market.

As in newsprint, it seems likely that the trend of those companies manufacturing and selling high grade papers in world markets should be toward this country, where they can, due to lower operating costs, produce more cheaply than in the United States, which is, due to the tariff wall, naturally closed as a market for Howard Smith paper.

Since the middle of July, 1924, the company has paid no dividends on its common stock; this has helped to better materially its financial position and it is working steadily back into a position where dividends on the common may be resumed.

Capitalization—

	Authorized	Outst'd'g
Common	$4,000,000	$3,693,700
Pref. 8% cum. .	3,000,000	1,599,700

After 8 per cent. has been paid on common, preferred participates equally up to 10 per cent.

Funded Debt—

1st mortgage bonds 6%. due 1934, $403,400.

1st mortgage bonds, 7%, due 1941, $4,062,000.

Dividend Record—

Year	Common	Preferred
1920	7¼%	6%
1921	8%	8%
1922	6½%	8%
1923	6	8%
1924 passed since June 1, 1924,		8%
1925	—	8%

Officers and Directors—

C. Howard Smith, president; James W. Pyke, vice-president; J. A. Cameron, vice-pres.; H. Crabtree, secretary; W. D. Robb, Howard Murray, E. R. DeCary, T. P. Howard, comptroller; M. G. Peterkin, treasurer.

Market Record—

Year	Common High	Common Low	Preferred High	Preferred Low
1916	80	80	..	..
1917	74½	65	..	..
1918	66	65	80	65
1919	151	65	99½	78
1920	165	145	..	..
New Company				
1920	167	74¾	107½	91
1921	110	53	92¼	64
1922	85	60	102	83
1923	83½	61½	108	97
1924	74	25	100	68
1925	42½	21¼	106	69½
1926 (to date)	58¾	38	103	92¾

Profit and Loss—

	1920	1921	1922	1923	1924	1925
Oper. profits	$1,087,380	$ 611,793	$ 691,370	$ 767,377	$ 717,927	$ 742,762
Sundry rev.	2,518	1,519	2,169	5,429	9,648	9,676
Total inc.	$ 1,089,899	$ 613,312	$ 693,539	$ 772,807	$ 727,575	$ 752,438
Interest	78,000	141,681	197,941	269,960	229,532	349,299
Pfd. divs.	120,000	120,000	120,000	120,000	120,000	127,976
Balance	$ 891,899	$ 351,631	$ 375,599	$ 384,847	$ 378,043	$ 275,163
Com. divs.	220,800	279,932	220,720	221,622	92,342	....
Balance	$ 671,099	$ 71,699	$ 154,879	$ 161,225	$ 185,701	$ 275,163
Deprec.	196,216	....	95,491	60,287	100,000	100,000
Written off	16,932	....	....	....	....	....
Tax res.	91,018	....	....	....	....	....
Reserve	....	....	115,020	117,003	....	....
Surplus	$ 366,933	$ 71,699	$ 16,065	....	$ 9,648	$ 175,163
% Earned on com.	19.59	10.05	4.47	5.9	.4.8	4.7

Fraser Companies

Bettered Earnings Have Made Possible Resumption of Dividends

Some measure of the results which the Fraser Companies have been experiencing during the past year may be seen in the resumption of common dividends payments by the companies on April 1 this year. The last common dividends were paid in 1920 and, while the common stock is mostly owned by those closely connected with the companies, yet the resumption of dividend payments must mean that the outlook for the future has improved. Earnings during the present year are substantially in excess of those of a year ago, and the companies are maintaining themselves in a strong liquid position.

The companies are large operators in Eastern Quebec and New Brunswick. Three plants in all are operated, two in New Brunswick and a high grade sulphite paper mill at Madawaska, Maine, just across the St. John River from the bleached sulphite plant at Edmunston, N.B.

A little less than a year ago, production of paper commenced at the United States plant, which has a capacity of 20,000 tons of paper per annum. It uses as raw material the pulp from the Canadian plant across the river—the pulp moves across the boundary line through a pipe line. This ensures a ready market for a large portion of the company's Canadian sulphite production. The completion of this American mill, coupled with the better prevailing market for sulphite pulp, have been the two chief factors in increasing the earnings this year.

The companies have been successfully operated since 1887 and, in addition to the two sulphite mills and the United States paper mill, twelve saw mills are also operated. The companies are the largest manufacturers of spruce lumber and cedar shingles in Eastern Canada, and power is developed at their own hydro electric plant, with an installed capacity of 2,000 h.p. The company owns outright also the Stetson, Cutler Company, which has large timber holdings in Quebec and New Brunswick.

Further expansion by the company in the newsprint field has definitely been arranged, but definite plans for construction of this new 200 or 250-ton newsprint mill of the Fraser Companies will not be arranged until next spring. While the company has already contracted for a supply of power from the Grand Falls development, upon which work has already begun by the St. John River Power Co., yet this power will not be available until about July, 1928, and therefore, it will not be necessary to have the mill ready for operation until that date.

It has not yet been definitely decided whether there will be further public financing by the company to erect the new newsprint mill. On the face of it, though, it seems probable that some financing of some sort will be undertaken—possibly, though, this might be accomplished privately.

Capitalization—

	Authorized	Outst'd'g
Common	$10,000,000	$10,000,000
Preferred ...	3,000,000	2,325,000

7% cumulative convertible.

Common stock all owned by Fraser family and by employees of the company.

Funded Debt—

First mortgage 6% bonds, series "A," due 1950, $6,000,000.

Dividend Record—

Dividends on preferred paid regularly, Jan., Apr., July and Oct. 1, initial payment of 1¾% being made Apr., 1925. On common stock dividends at the rate of 2% per annum have been declared payable quarterly, Apr., July and Oct. 1, 1926, and Jan. 2, 1927.

Officers and Directors—

A. Fraser, pres. and gen. mgr.; D. Fraser, vice-pres.; W. Matheson, sec.; T. Matheson, A. W. Brebner, treas.; W. C. Pitfield.

Profit and Loss—

	1924	1925
Total income .	$1,129,324	$1,133,071
Interest	$ 376,692	$ 373,821
Depreciation ..	220,495	224,067
Depletion	174,012	146,654
Dis. on secs. ..	91,500	123,000
	$ 862,699	$ 867,542
Balance	$ 266,625	$ 265,529
Dividends	—	109,868
Surplus for yr.	$ 266,625	$ 155,661

Clyde and Sissiboo

Capitalization—

	Authorized	Outst'd'g
Capital Stock	$750,000	$750,000

Funded Debt—

First mortgage, 6½% bonds, due 1943, $500,000.

Officers—

J. R. Garwood, pres.; H. E. Wagner, mgr.; A. H. Harlow, sec.-treas.

Properties—

Company owns and operates two groundwood mills, having an annual capacity of 13,000 tons groundwood pulp; also owns 31,646 acres of freehold lands and 44,936 acres of leasehold timber limits, situated on the Sissiboo and Clyde Rivers in Nova Scotia. Also owns two water powers in close proximity to its mills which are at present developed to the extent of 3,600 h.p. and capable of being increased to 16,000 h.p.

Prominent citizens fore-gather for the starting of work on the International Paper Company's Grand Falls power plant in New Brunswick, August, 1926.

Minnesota-Ontario

Company Operates Two Big Newsprint Paper Mills in Ontario

There are important Canadian plants under the wing of the Minnesota-Ontario Paper Co.—F. W. Backus organization. The company controls a newsprint mill at Kenora and one at Fort Frances, as well as American mills.

Minnesota and Ontario Paper Co. some time ago sold $16,000,000 of first mortgage bonds and some of the bonds were placed in Canada.

Minnesota and Ontario Paper Co., incorporated under the laws of the State of Maine, is with its subsidiaries, among the largest newsprint paper manufacturers in the world. The plants are strategically located for low cost manufacture and distribution of the products, which also include sulphate pulp, insulite, lumber and other forest products. The ownership and operations constitute a self-contained unit from the fundamental requisites — power and raw materials — through to the finished products.

Upon completion of additions now under way and provided for, the company and its subsidiaries will have an annual capacity of 250,000 tons of newsprint paper, 34,000 tons of hightest kraft liner board, 150,000,000 feet of the highest standard of insulating material bearing the trade name "insulite," and over 125,000,000 feet of rough and finished lumber, box shooks and crating.

Hydro-electric and hydraulic power developments now owned and operating have a combined generating capacity of 58,000 horsepower, with auxiliary steam turbine plant of 7,000 horsepower. There is now under construction 27,000 additional hydro-electric horsepower, which will be in operation early in 1927.

The actual holdings in Minnesota and Ontario are reliably estimated to contain sufficient pulpwood and sawlog timber to keep the present paper mills and sawmills in operation for a generation. The timber supply in Minnesota and Ontario contiguous and tributary to the mills embraces a forest area of approximately 50,000 square miles and contains an almost inexhaustible supply of spruce pulpwood and other paper-making woods.

Capitalization—

	Authorized	Outstand'g
Common	$15,000,000	$9,392,000
Pref. 6%	5,000,000	3,756,000

(Shares, $100 each)

Funded Debt—

First mortgage, 6 per cent. bonds, series "A", due 1930 to 1945, $16,000,000; first mortgage 6 per cent., series "B", due 1948, $4,000,000; 5-year 6 per cent. gold notes, due 1931, $3,500,000.

Dividend Record—

No dividends were paid from Apr., 1918, until Dec., 1923, when dividends on preferred were resumed.

Officers and Directors—

E. W. Backus, pres.; S. W. Backus, W. F. Brooks, H. S. Gilkey, Geo. McLean, C. C. Honey, D. McLeod, R. D. Main, comptroller.

Profit and Loss—

Consolidated net earnings after depletion, local taxes and charges for maintenance, repairs, but before providing for interest, depreciation and income taxes are as follows:

13 months, end. Dec. 31, 1925	$3,800,225
11 months, end. Nov. 30, 1924	2,296,213
12 months, end. Dec. 31, 1923	3,624,574
Annual average	$3,240,337

B.C. Pulp and Paper

Outcome of Reorganization of Whalen Pulp Properties

The British Columbia Pulp and Paper Mills is the outcome of the acquisition of the old Whalen Pulp and Paper Co., by its first mortgage bondholders, who obtained the property for $4,000,000. There were no other bidders at the judicial sale of the company's assets.

The predecessor company originally got into difficulties at the time some of its markets were wiped out by the Japanese earthquake. Consequently, interest payments were not met and, at the beginning of this year, the new company was formed to acquire the assets.

The plant is situated at Ocean Falls, on the British Columbia coast, 200 miles north of Vancouver. The company owns approximately 140,000 acres of timberlands and leases an additional 36,358 acres. Operations this year are understood to have been maintained at a satisfactory level as compared with 1925.

The capitalization of the new company is as follows:

	Authorized	Outstand'g
6% 1st mtge. bonds...	$7,500,000	$3,707,500
7% gen. mtge. bonds	2,500,000	1,500,000
7% cum. pref.	1,000,000	556,200
Com. shs., no par value	150,000	100,000

When the reorganization took place from which emerged the present company, the second mortgage holders of the old Whalen company were given the opportunity of purchasing stock in the new company at reduced rates.

Capitalization—

	Authorized	Outst'd'g
Common shares ...	150,000	100,000
(No par value).		
Pref. 7%	$1,000,000	$556,200
Cumulative from Nov. 1, 1925.		

Funded Debt—

1st mtge. 6%, bonds, due 1950	$3,707,500
Gen. mtge. 7% bonds, due 1950	1,500,000

Officers—

L. Killam, president and managing director; O. A. Jorgenson, treasurer; F. S. Bell, secretary.

Profit and Loss—

Net profit for month of April, 1926, after providing interest on bonds, but before depreciation, amounted to $55,124; balance to March 31, 1926, was $150,193. Current assets as at April 30, 1926, totaled $1,717,298, and total assets $9,453,569.

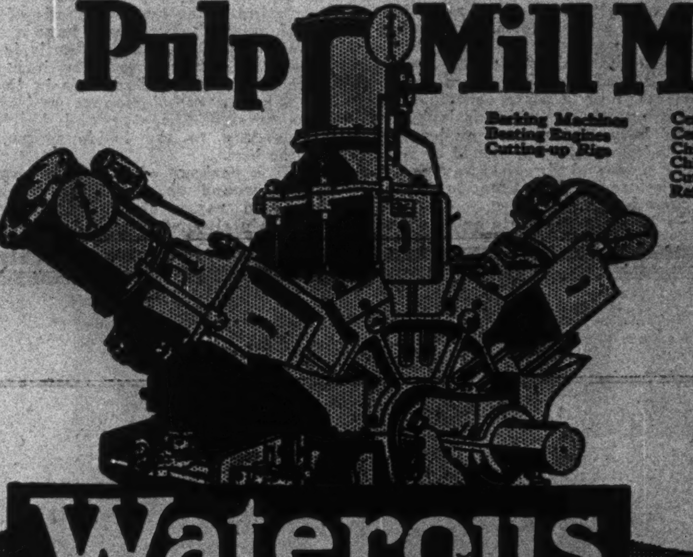
Production.—255 tons of sulphite pulp daily.

Fourdrinier Wires

Cylinder Covers
All kinds of Wire Cloth for Paper Mills
Dandy Rolls

The Johnson Wire Works
(Limited)
St. Henry, Montreal

Pulp Mill Machinery



Barking Machines
Beating Engines
Cutting-up Rigs

Centrifugal Pumps
Centrifugal Screens
Chippers
Chip Screens
Cut Wood and Refuse Conveyors

Cylinder Moulds
Pulp Wood Grinders
Log Haul-ups
Sulphur Burners
[illegible] Screens
Wet Machines

We also Build
Boilers, Hand Stokers
Saw Mill Machinery
Road Rollers and Steam Scarifiers
Steel Tanks

Write for Full Particulars

Waterous
BRANTFORD, ONTARIO, CANADA

Pine Falls Plant
of
MANITOBA PAPER CO. LIMITED
under construction at Pine Falls, Man.

Carter-Halls-Aldinger Co., Limited
General Contractors
Winnipeg Vancouver

Balsam Wood Is Made Into Fine Raiments

Rayon Industry Annually Absorbs Large Tonnage of Canadian Sulphite — Demand Will Increase in Future — The Rayon Process

One factor which will continue to increase the demand for sulphite pulp is the growth of the rayon, or artificial silk, industry which this year will produce well in excess of 150,000,000 pounds. Roughly, one-half of this world production is made from sulphite pulp and if the industry's growth in the future is equal only to 25 per cent. of the growth which it has exhibited over the past ten years, the beneficial results to the Canadian sulphite industry will be marked. Even to-day one mill in Canada is engaged in supplying 50 per cent. of the world's supply of sulphite pulp for manufacture into rayon. This is the Kipawa mill of the International Paper Co.

Since 1900 when the production of Rayon started, this industry has made remarkable progress and in the last five years the world production has increased more than 200 per cent. Of this world production approximately 30 per cent. is made in the United States, 17 per cent. in the United Kingdom, 17 per cent. in Germany, 18 per cent. in Italy and smaller volumes in France, Belgium, Holland and Switzerland.

The hosiery industry is now the largest consumer of rayon although at the present time artificial silk is being increasingly used in the textile industry either alone or in connection with other fibres to produce sweaters and other articles of apparel and also in knitted goods and hangings.

Lower Prices Help Trade

With the tremendous growth which this industry has experienced, the companies engaged in the manufacture of artificial silk have made money.

Possibly it is the excellent financial position of these companies which has caused the cut in rayon prices this year. As far as the sulphite pulp industry is concerned, this recent lowering of prices is satisfactory, for it must result in an increased use of the new textile which, in turn, will react favorably upon the producers of sulphite.

The method of producing rayon from sulphite pulp has been described in a booklet published by the Viscose Co.; it says in part:

"The raw stock in the form of spruce wood or cotton is cooked by the aid of live steam in a large boiler called a digester. This cooking, with the assistance of chemicals, removes resin, gums and foreign matter from the natural cellulose.

"After leaving the digester, this mass is thoroughly washed to free it from all chemicals and then bleached to bring it to a proper degree of whiteness.

Is Now Cellulose

"The cellulose now consists of minute short fibres which are run through a series of rolls to squeeze out the water. This compresses the fibers into sheets of about the thickness and consistency of blotting paper. The whole general procedure in preparing the cellulose sheets is similar to that used in pulp and paper making, but the chemical formulas used for the manufacture of rayon produce a much purer form of cellulose.

"For mercerizing, these large sheets are cut to twelve-inch squares and soaked in a solution of caustic soda for about twenty-two hours. The excess liquor is then forced out by hydraulic presses, and the sheets are torn into small particles by revolving knives and kept in especially constructed containers at an even temperature for about forty-eight hours.

"This product, now called alkali cellulose, is placed in a revolving churn with a measured amount of carbon bisulphide, and the mixture is slowly revolved for two to three hours, forming the cellulose xanthate. This is a plastic substance, light orange in color, and can readily be dissolved in water.

"The cellulose xanthate, with a weak solution of caustic soda, is placed in a machine with rapidly revolving blades which thoroughly beat and mix it into one uniform mass. This operation, called the mixing, is the final process in converting the cellulose to the liquid form called 'viscose.'

What is Viscose?

"The word 'viscose' is now listed in the standard dictionaries. It was derived from the word 'viscous' meaning adhesive and glutinous, and is a correct designation of the viscose solution, which closely resembles molasses in color and consistency.

"The solution, after mixing, is in an immature state and before it can be spun into threads, it must be aged by standing in large vats or tanks at an even temperature. Before leaving the ageing cellars for the spinning room, it must be very carefully filtered to remove all dirt or foreign matter accumulated during the manufacture in and transfer from the different departments. So far, there is nothing to indicate that these various processes lead to the production of a textile fibre. In fact, the actual spinning into threads is the first visible step.

"The secret of forming the filaments of thread is that the viscose solution is strongly alkali and hardens upon coming in contact with acid, thus reverting the cellulose to a solid form by neutralizing the alkali.

"The mechanical part of the operation, simply stated, consists of forcing the viscose through a plate containing fourteen or more holes, which is immersed in an acid bath. The viscose, on leaving the plate, is immediately hardened or reverted by the acid and drawn away from the plate before it has time to merge or run together again.

"The holes in the plate or cap through which the liquid is forced are from two to five one-thousands of an inch in diameter and, in fact, are invisible to the naked eye unless held before a strong light. A very small speck of dirt or foreign matter would be sufficient to close one of these holes into the make-up of the thread.

The Viscose is Spun

"The viscose is conveyed in pipes from the ageing cellar to the spinning room, first being fed to a pump which forces an exact amount per minute through a filter then through the cap and into the reverting bath where the filaments are hardened.

"If the mercerizing, or first process, is started with a hundred pounds of dry cellulose it would theoretically make an equal amount of rayon. The addition of water and caustic soda in the various operations might bring the total weight of the completed viscose solution to a thousand pounds, containing nine hundred pounds of chemicals and water. This excess matter must all be removed after the solution is hardened before the yarn can be called finished.

"There are two general methods used in spinning, called the spool method and the box method, which are identical to the point of immersing viscose solution in the hardening bath.

"From this point the methods are radically different. In the first case, the filaments are grouped together to make up the thread and immediately wound on a spool which revolves at a regulated number of revolutions per minute.

"The thread as wound is made up of parallel filaments in a semi-gelatinous state, requiring further hardening by chemical treatment, followed by a thorough washing to remove all traces of chemicals, after which it is finally dried.

"All this chemical treatment, wet finishing and drying is done while the thread is still on spools in separate filaments. The filaments are somewhat delicate and fragile, but when grouped and slightly twisted together they form a very substantial thread. The same condition exists in a thread of silk.

The Last Processes

"The twisting operation consists of unwinding the filaments and, by the aid of a rapidly revolving spindle, putting in the desired twist while winding on another spool. It is then reeled from the second spool into the form of skeins.

"In the second, or box spinning method, the separate twisting operation is eliminated.

"The filament, on leaving the cap, passes over a revolving wheel or pulley and drops through a glass funnel into a rapidly revolving pot or cylinder called a box. Between the point where the filament leaves the pulley and the lower end of the funnel, located in the centre of the box, moves slowly up and down, distributing the thread evenly, and the centrifugal force of the revolving box throws it to the sides in a smooth coil.

"Applying to this operation the problem previously cited, if the box revolved at the rate of five thousand revolutions per minute, the hundred yards of thirty-six hundred inches would have a total of five thousand turns, or slightly less than one and a half turns per inch. When removed from the box, it is in the shape of a hollow cylinder about an inch thick, the outside diameter and height corresponding to the inside measurements of the box.

"This package of thread is now ready to be wound or reeled into skeins, the standard rayon skein being forty-four inches in circumference. All further finishing treatment, such as washing and drying, is done with the yarn in the skein form."

Vocabulary Used to Describe Industry is Not Large

Any investor who for the first time turns his thoughts towards the pulp and paper industry is perhaps slightly puzzled by the phraseology of the newspaper writer who glibly talks of such things as machines and tonnage, or sulphate and groundwood. Thus a small glossary of the terminology used in non-technical discussions of the industry may prove perhaps of some practical use to those who for the first time are beginning to take an interest in Canada's largest industry. It follows:

News, or newsprint—The grade of paper upon which the ordinary daily newspaper is printed.

Pulp—Just what its name implies. Ground up or disintegrated logs. This is accomplished by two processes, one of which produces mechanical or groundwood pulp and the other, chemical pulp.

Groundwood, or mechanical, pulp—is manufactured by pressing the logs against large grindstones upon which water is sprayed. The result is a milky white mush.

Chemical pulp—Is of three types: Sulphite, sulphate and soda. The logs are broken into small chips about an inch in length. These chips are cooked in a digester under steam with a weak acid or alkaline solution. Thus the fibres in the wood are broken up by chemical, instead of mechanical means as with groundwood pulp.

Sulphite pulp—Is used in the manufacture of high grade paper. About 25 per cent. sulphite and 75 per cent. mechanical groundwood goes into the making of an ordinary sheet of newsprint.

Sulphate pulp—The toughest of all the family. Is largely used in the manufacture of wrapping paper, or any other paper in which strength is required.

Kraft—Another name for either sulphate pulp or for the paper which is made from this pulp.

Machines—A name applied to the intricate machinery which at one end takes a layer of thin watery pulp and by rolling and heat produces at the other end the strip of paper. A 100 ton machine means one which will roll out this amount of paper in a day.

Pulpwood—Is mostly composed of spruce, with smaller proportion of balsam and hemlock.

Wood pulp—Another name for pulp.

Each grade of paper is made from a combination of various types of pulp. It will be of interest to trace out the composition of the various types of paper. No hard and fast rule can be laid down for the blending of pulps to make paper, as pulps from the same mill often vary, and a definite grade is often the result of experimentation.

Book paper.—This may be said to be made on an average from about 40 per cent. soda and 35 per cent. sulphite pulp. Old book paper, rags, and limited quantities of other material supply the remaining 25 per cent. Of a total of around 725,000 tons in 1923, Canada supplied about 31 per cent. of the American pulp requirements. The largest factor in the American imports, totalling 27 per cent., and that which is growing most rapidly, is pulp, almost all sulphite. More than half of this is from Canada.

Wrapping paper.—This product averages in its composition about 40 per cent. of sulphate pulp, 25 per cent. of sulphite, 17 per cent. of mechanical and 9 per cent. of manilla stock and the remainder of other material.

As in book paper, the material for wrapping is mostly imported as pulp into the United States. A total of about 27 per cent. of that country's requirements comes in about equal amounts from Canada and the continent.

Boards.—Some 80 per cent. of the contents of cardboard comes from all sorts of waste paper and straw. The 20 per cent. of new pulp which normally goes into the manufacture consists of sulphite, sulphate and mechanical pulp, each to the extent of about one-third of this 20 per cent. Twenty-six per cent. of the American requirements for cardboard are imported from Canada.

Newsprint paper.—Seventy-five and twenty-five per cent. represent the average contribution of mechanical and sulphite pulps to newsprint paper. The United States supplies itself with only 34 per cent. of its newsprint requirements.

Other kinds of paper.—For the making of other kinds of paper the manufacturer experiments until he finds the most suitable combination of the various forms of pulp for the type of paper which he wishes to produce.

A World Dominance

The predominant place occupied by this Dominion in the world newsprint industry is not generally realized. It is, of course, recognized that the industry plays a predominant role in domestic business activities, but the point which is not so well known is that Canada produces one-third of the world's newsprint output and 45 per cent. of the raw material entering into the manufacture of newsprint.

Many Companies Shipping Pulpwood Up St. Lawrence

The proposal that lies behind the success of the Anticosti Corporation, namely, the bringing of pulpwood from the gulf up the River St. Lawrence for delivery to mills at Three Rivers, and also at Shawinigan Falls, is no new one in the paper industry. For some years past a number of mills have been adopting a similar method for large quantities of pulpwood. The Algonquin newsprint mill at Ogdensburg, with which George M. McKee, president of Anticosti Corporation, was connected for a number of years, regularly used wood that came up the river. An even better known example, perhaps, is that of the Ontario Paper Co., owned by the Chicago Tribune and operating newsprint mills at Thorold, Ontario, near St. Catharines. This company has large limits on the gulf and brings its wood, not only up the St. Lawrence, but right up to the end of Lake Ontario and even utilizes the Welland Canal. The St. Regis Paper company brings wood up to Waddington by way of the St. Lawrence and the Hammermill Paper Co., of Erie, Penn., is another well-known example. Reference has already been made to the Howard Smith Paper Mills, whose pulpwood is carried up to Cornwall, Ont., from their limits on the lower St. Lawrence.

The island of Anticosti starts almost opposite the eastern point of the Gaspe peninsula and extends eastward 135 miles. At one point a cable connects it with the Gaspe peninsula, 45 miles distant. The nearest point on the northern coast of Quebec is 21 miles. The island has 28 miles of railway, eight main rivers and eleven secondary ones. Communication from one end to the other is afforded by 150 miles of telephone lines. Port Menier on the island is 340 miles distant from Port Alfred and 470 miles from Three Rivers, at the latter of which ports pulpwood intended for Wayagamack, St. Maurice and Belgo mills would be unloaded. Large cargoes of pulpwood can be shipped from the island during seven months of the year.

Adds More in Value

Figures show that the pulp and paper industry adds more to the value of the raw materials than most other secondary industries, and this increment in value amounts to 158 per cent.

Saskatchewan's Progress

REGINA. — When Saskatchewan became a province twenty-one years ago, there were almost 60,000 farms with a little over 2,000,000 acres in crop, according to the provincial minister of agriculture. In 1905 the yield of grain was under 60,000,000 bushels. Last year over 14,000,000 acres were in crop and the yield of grain was 435,530,000 bushels.

ST. REGIS
PAPER COMPANY
of Canada, Limited

MONTREAL - P.Q.

EUROPEAN MILLS BIG COMPETITORS FOR AMERICANS

Continental Newsprint Production 4,500 Tons — U.S. and Canada 12,000 Tons Daily

Although Canada produces about 50 per cent. as much newsprint as is produced in all the European countries put together, yet the amount of newsprint manufactured there is not insignificant, and, as the market for newsprint is practically world wide, European production must be taken into consideration in order to obtain a proper viewpoint of the industry in this country.

In round figures, the total daily capacity of Canadian and United States mills amounts to 12,000 tons. Of this(slightly more than 6,000 tons comes from Canada, and slightly less than 6,000 tons from the United States. The production of newsprint in all European countries amounts to about 4,500 tons daily. Europe is in somewhat the same position as Canada, in that a large percentage of her newsprint production must be exported and some 2,240 tons a day enter other markets, in which it naturally competes with the Canadian product.

Mills on Excellent Basis

At the present time, the European mills are probably on a better basis than they have been since the war; this is due to the generally improved business conditions in European countries. These mills are making progress, increasing their production slightly, and increasing their efficiency considerably. The management of the European mills is progressive and enterprising, and, while they have not the source of raw material and cheap power which is open to Canadian mills, what they lose by this, is perhaps, in a measure, regained through lower wages.

There is one outstanding difference between the operation of the mills on this continent and those in Europe. In the latter, their operation is, without exception practically, based on reforestation and the results of regrowth. In other words, the companies there harvest their wood as an annual crop, taking care not to deplete their forests.

Travels Mostly by Rail

Most of the pulpwood delivered to the European mills travels by rail instead of water, but transportation costs are low, and this constitutes no real handicap.

Of a daily production of 4,500 tons in Europe, about 1,300 tons come from Sweden and Finland. The latter country, with its seventeen newsprint mills, produces some 500 tons daily, while the Swedes produce about 800 tons a day. The greatest newsprint producer in Europe is England, and, within the last year or so, three new newsprint mills have been opened there. This would not indicate that North American production is putting the British mills out of action.

Probably, then, the reason for the rapid growth of the Canadian newsprint industry over the past few years has not been due so much to the large increase in the demand. but to the fact that the demand was located right at our door. The tremendous increase in the consumption of newsprint over the past few years has taken place largely in the United States, and it was but natural that Canada, with its cheap water power and vast timber reserves, was better equipped to supply the demand than the European producers.

Canada Holds Its Own

Thus while there appears to be no wavering or hesitancy of the newsprint industry in Europe, it is encouraging to note that Canadian newsprint is more than holding its own with the European product in the United States.

The following is a comparative record of the United States imports of newsprint from various countries for the month of May in each year, and the eleven months ended May 31 in each year, in which it will be seen that there was a fairly sharp reduction in every case except those of Canada and "other countries," the latter phrase applying chiefly to Newfoundland:

	May, 1925 tons	May, 1926 tons
Canada	109,091	127,578
Finland	2,197	4,125
Germany	2,160	801
Netherlands	247	nil
Norway	2,850	113
Sweden	6,671	2,378
Other countries	237	871
Total	123,456	134,869
11 Months:	1925	1926
Canada	1,130,422	1,317,632
Finland	28,605	20,495
Germany	24,790	21,752
Netherlands	843	176
Norway	20,243	8,126
Sweden	69,273	48,549
Other countries	8,950	29,115
Total	1,281,129	1,445,347

CANADA'S BUTTER PRODUCTION

OTTAWA.—The quantity of creamery butter made in Canada in 1925 was 179,882,993 pounds, valued at $66,938,456, according to a report issued by the department of trade and commerce. The quantity exceeds that of the preceding year by over one million pounds, and the value by over six million dollars. The production of 1925, as regards both quantity and value, is the largest in the history of the industry. All the provinces, excepting Ontario, Alberta and British Columbia, show increases in quantity of product.

Price Brothers

Company is Now in a Position to Reap the Benefit of Its Large Development Program — Position Has Improved — Earnings Will Also Increase

The business of Price Brothers has been in existence for over 100 years, and at the present time the company stands at the close of an expansion programme extending over many years. Over the next few years, investors in the company can anticipate the rewards of this expansion.

The present daily production of 775 tons consist of 50 tons of cardboard and paper specialties from the Jonquiere Mill, 525 tons of newsprint from the Kenogami Mill and 200 tons from the Riverbend Mill. The Riverbend Mill was completed at the close of 1924, and earnings from this source will figure in this year's income account.

But Price Brothers has not yet really completed its expansion programme, for the next step is the erection of another mill with an initial capacity of 200 tons, later to be increased to 400 tons. The situation of this mill has not yet been decided on, but it is likely to be near Chicoutimi.

The company can compete with any other newsprint producer in the world in the matter of costs; this is due to the favorable location of its plants both with regard to their proximity to timber reserves and also for shipments by tide water. Price Brothers and Company has a minority interest in the Duke-Price Power Company from whose plant the mills obtain their electric energy.

While no newsprint company has very many customers, yet Price Brothers newsprint goes to more than 30 important newspapers, including the New York Times and the Herald-Tribune, the Philadelphia Public Ledger, the Pittsburgh Post and Sun, the Buffalo Express, the Washington Star, the Daily Express, London, England, La Nacion of Buenos Aires, the Gleaner of Kingston, Jamaica, and several New Zealand and Australia dailies.

When others paused and hesitated, the original founders of Price Brothers went ahead and secured control of timber areas whenever the opportunity arose. The result to-day is that the company has timber reserves sufficient to supply its present mills for more than 100 years, without making any allowance whatever for new growth. Furthermore, over 60 per cent. of these timber holdings are located in such close proximity to the mills as to make the pulpwood available by a one year drive, as compared with two year drives and the consequent increased cost of raw material in the case of many other companies.

Water powers controlled by the company have a total estimted capacity in excess of 125,000 h.p.; these are at present developed to a rated capacity of 63,250 h.p. This is, of course, apart from its interest in the Duke-Price power development.

A year or so ago, the Duke-Price Power Company sold a power site on the Saguenay to the Aluminum Company of America. At that time, Price Brothers and Company owned 25 per cent. of the stock of the Duke-Price Power, and the paper company's share of the sale of the undeveloped site to the Aluminum Company of America amounted to $4,090,000 par value of six per cent. cumulative preferred stock, and 36,800 shares of common stock of the Aluminum Company. This investment over a term of years should prove productive to Price Brothers.

The chief interest in Price Brothers and Company centres on its newsprint production, yet for over a hundred years it has been one of the largest manufacturers of spruce lumber in Canada, and its saw mill properties are a considerable source of revenue to the company. Its mills are located in strategic points on various rivers in the province of Quebec. In its lumber business, the company is fortunate for for many years it has been able to dispose of its entire annual output to a few large customers. Earnings from this source have within the past year shown an improvement.

PRODUCTION AND FINANCES

Pulpwood Supply. — The company's timber limits are the finest in Canada and aggregate 8,700 square miles estimated to contain 47,782,055 cords of pulpwood.

Mills.—At Kenogami for newsprint; at Jonquiere for cardboard and specialties and at Rimouski for groundwood. There are nine sawmills.

Production — Newsprint, 742 tons daily; woodboard, 50 tons; sulphite 200 tons, and groundwood 631 tons.

Capitalization—

	Authorized	Outstand'g
Common	$50,000,000	$42,683,200
Pref. 6½% .	10,000,000	7,000,000

(Comulative, redeemable, sinking fund).

Shareholders in old company received five shares of stock in new company for each share of old stock in 1920.

Funded Debt—

First mtge. 6 per cent. bonds, due 1943, $15,000,000.

Dividend Record—

On stock of predecessor company dividends were paid as follows: Initial dividend of 1½ per cent., Sept., 1916; Jan., 1917, 1½ per cent.; April, 1917, 3 per cent.; July, 1917, to April, 1918, 1½ per cent. each quarter; July, 1918, to Jan., 1921, 2 per cent. each quarter. In addition, extra dividends of 2 per cent. each were paid Feb., 1918, and Feb., 1920. Stock dividend of 22 per cent. paid Feb., 1920. On common stock of present company 2/5 per cent. bonus was paid Jan., 1921; Feb., 1921, 2/5 bonus; April and July, 1921, ¾ per cent. each; Oct., 1921, to date, ½ per cent. quarterly.

On preferred stock dividends of 6½ per cent. per annum are payable quarterly, Jan., Apr., July and Oct. 1.

Officers and Directors—

Officers. — John H. Price, pres.; George H. Thomson, J. M. McCarthy, vice-presidents; J. Leonard Apedaile, H. E. Price, sec.-treas.

Directors. — Above officers and Sir Ion H. Benn, Bt., C.B., M.P.; W. S. Hofstra, A. J. Price, Sir Herb S. Holt, Sir Keith W. Price, A. C. Price, H. B. MacDougall, A. J. Brown, V. M. Drury, G. G. Allen.

Market Record—

	Old Company High	Low
1913	73	65
1914	60	60
1915	..	..
1916	132	60
1917	184	115
1918	151	120
1919	260	155
1920	385	250
	New Company	
1921	42¼	24¾
1922	47¾	30
1923	47	39
1924	45	26½
1925	50	35¾
1926 (to date)	76¾	57

Profit and Loss— Year end Feb. 28—	†1921	1922	1923	1924	1925	1926
Gross profit	$ 1,135,449	$ 1,327,331	$ 2,338,933	$ 3,408,967	$ 3,128,126	$ 4,263,190
Bond interest	141,992	421,976	419,976	551,515	600,000	786,096
Depreciation, etc. .	....	....	700,096	1,142,014	1,189,365	1,199,604
Written off	....	....	....	....	....	482,369
Bond issue exp. ..	....	....	....	....	....	137,500
Cost of refinancing	....	....	....	....	480,377	....
	141,992	421,976	1,120,072	1,693,529	2,269,742	2,605,569
Net profits	$ 993,457	$ 905,355	$ 1,218,861	$ 1,715,438	$ 858,384	$ 1,657,621
Bal. forward	....	651,992	x 341,347	706,544	1,568,318	1,573,038
	$ 993,457	$ 1,557,347	$ 1,560,208	$ 2,421,982	$ 2,426,702	$ 3,230,659
Pref. dividends ...	....	....	....	....	....	455,000
Com. dividends ..	341,466	1,067,080	853,664	853,664	853,664	853,664
Surplus	$ 651,991	$ 490,267	$ 706,544	$ 1,568,318	$ 1,573,038	$ 1,921,995
Rate earned:						
% on common	2.33	2.12	2.85	4.00	2.07	2.81
% on preferred ..	....	....	....	....	12.26	23.86

xAfter tax adjustment.
†For four months.

Quebec Pulp & Paper

A Groundwood Pulp Producer in Lake St. John District

The Quebec Pulp and Paper Mills is the outcome of an amalgamation of the old Chicoutimi Pulp Company and the Saguenay Pulp and Power Company. The amalgamation was completed about a year and a half ago. Previous to this, for a considerable time, the affairs of both component companies had been in the hands of the bondholders' committee. The bondholders of the two component companies received shares in the new company in exchange for their bonds.

Last December one of the dams of the Quebec Streams Commission in the Lake St. John district broke down, and one of the plants of the company for a time was forced to close down through lack of water. Within the past year also, the company sold to the Aluminum Company of America the Roberval-Saguenay Railway, at a price which is said to be slightly over $1,000,000. By this sale, the company's financial position has been bettered.

The company owns three large groundwood pulp mills, two of which are located at Chicoutimi on the Chicoutimi river, and one at Val-Jalbert on Ouiatchouan river. All three are substantial buildings of Laurentide granite. They have an annual output capacity of 145,000 tons. The plant also comprises an efficiently equipped machine shop and foundry installed in a fireproof building of granite and steel construction.

Special shipping facilities are provided by ownership through stock control of tidewater docks and equipment at Port Alfred.

Included in the assets is a modern hydro-electric generating plant with its own transmission lines located on Chicoutimi river, at Pont Arnaud. From the Ouiatchouan Falls at Val-Jalbert, another plant generates and distributes power for various purposes. The total power developed is in excess of 37,000 h.p., of which 28.-500 is hydraulic and 8,500 hydro-electric, practically all used for the company's requirements.

Timber limits owned outright or under license exceed 1,000,000 acres in area. Workmen's cottages, stores, warehouses and a wharf at Chicoutimi Basin are also included in the fixed assets.

Of course, the Quebec Pulp and Paper Mills is still a new company, and there are many important problems to be solved. As far as production and administration are concerned, matters are proceeding satisfactorily. and the output for 1926 has, of course. all been sold at current market prices.

Capitalization—

	Authorized	To be Issued
As at March, 1926:		
Common	$10,000,000	$7,113,100
Preferred	12,000,000	7,015,600

Funded Debt—

Chicoutimi Freehold Estates, six per cent., 1st mortgage bonds, $511,486; Chicoutimi Port Co., 5½ per cent., 1st mortgage, $325,500; Ha! Ha! Bay Land and Building Co., 5½ per cent., 1st mortgage, $85,700

Production—

500 tons of groundwood pulp daily.

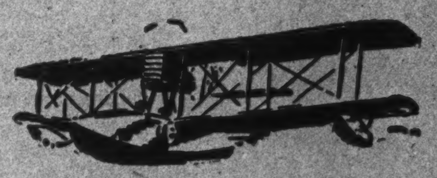
Bear River Pulp

Has Had Chequered Unsuccessful Career Up to Date

Under new direction, efforts are being made to rehabilitate the Bear River pulp mill. This plant has had a chequered career and has been operated by various groups with but indifferent success. It was originally operated by Clark Bros., who became financially involved. The name was changed to Bear River Pulp Co. and it was operated by a group of Toronto and Ohio interests. Later, the property was taken over by Nova Scotia interests. This year, foreclosure of the property was made and a sale was ordered at the demand of the first mortgage bondholders, represented by the Toronto General Trust Corporation. The sale was under the direction of the sheriff of Annapolis County, N.S. The successful bidder at the auction was C. G. Kinney, of Chicago, who, it is understood, represents the Chicago Title and Trust Co.

BIG FISH HARVEST IN N. S.

HALIFAX.—Over seven million pounds more fish were caught in Nova Scotia waters last month than during July, 1925, according to figures given out by the chief fishery inspector of the eastern division of the department of marine and fisheries. The total catch for July this year was 33,937,600 pounds, valued at $633,449, as compared with 26,813,600 pounds, valued at $518,639 in July of last year.



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The above records for Standard newsprint were made on a 234 inch Dominion machine equipped with Van de Carr Slice and Millspaugh Suction Couch and Press Rolls.

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An illustration of the abundant water power available.

Virtually every river provides latent power sites.

NEWFOUNDLAND

A Great and Growing Pulp and Paper Centre with Inexhaustible Resources

SOME GREAT INDUSTRIES

NEWFOUNDLAND has definitely assumed a position as one of the great pulp and paper centres. From the modest beginnings of twenty years ago the industry has grown until it is only second in importance to the world-famous fisheries, and at the present time its export value to the country is a good half of that assured by those fisheries.

The great plant founded by the late Lord Northcliffe, the Anglo-Newfoundland Development Company, Limited, operates in Newfoundland one of the largest pulp and paper mills in the world. This company alone represents an investment of $6,000,000, employs 600 men, and controls 4,000 square miles of timber land. The mills at Grand Falls have an annual production of 60,000 tons of paper valued at about $5,000,000, and a subsidiary plant at Bishop's Falls, nine miles distant, produces annually 20,000 tons of pulp of a value of about $360,000.

The plant of the Newfoundland Pulp and Paper Company, just completed at Corner Brook, Bay of Islands, on the west coast is even larger in extent. It will draw its supplies from the Humber valley and from the virtually inexhaustible pulp wood reserves about Grand and Deer lakes. This undertaking cost somewhere in the neighborhood of $9,000,000 and is capable of producing 400 tons of paper daily. The town of Corner Brook that has come into being to meet the needs of this industry will, it is expected, be the second in size in the colony.

Other Pulp and Paper Industries

While these two great plants are dominant in matter of size there is a prospect that other important pulp and paper plants will be in operation in the near future. There is a well advanced project that will look to the Gander River as its source of supply.

Still another development looks to the tapping of the splendid pulpwood reserves of the south coast, that are made available by innumerable streams. These and many other projects of a somewhat less ambitious character point to a phenomenal growth in the industry in the near future.

A Strategic Proximity to Great Consuming Markets

Under an amendment to the Crown Lands Act which forbade the export of pulpwood, it is possible now, for a limited period to export hand peeled, rossed or drumbarked pulp wood. As a result one of the important projects of the moment is the development of a plant in the Sops Arms portion of the White Bay section for the export of rossed pulp wood.

Perhaps no other section is so favorably situated as Newfoundland for the export of paper. Its plants are all at or about tidewater, so that it has cheap ocean freight for taking its products to market. At the same time it is closer to the great consuming sections—Great Britain, the north eastern states of the United States, and Eastern Canada—than any other section. Even Canada can hardly be considered as favorably situated for the marketing of this commodity abroad. It is evident then that this will be a large factor in determining the future of this industry.

Limitless Power Resources

Of almost equal importance is the availability of cheap and dependable power. In this regard again Newfoundland is peculiarly favored. The whole country is interlaced with rivers of greater or less magnitude, and the rocky nature of the land has resulted in an unusual occurrence of waterfalls. Almost every stream on the island has at least one fall. These streams are all fed by large lakes that provide excellent storage basins. The rainfall is nowhere less than 40 inches, rising as high as 70 inches in certain sections while, owing to the proximity of the ocean evaporation is decreased and therefore the run-off is greater than normal. The large river systems alone are estimated to be capable of producing nearly 500,000 h.p.

Newfoundland is a pulpwood rather than a timber section. The main varieties of wood are spruce and fir, with smaller quantities of white pine and still smaller of white and yellow birch and tamarack. Newfoundland Spruce has been proven to produce a pulp superior to most pulps on the market.

Of the total 42,000 square miles in the island, 10,000 square miles is heavily wooded. This, with the sound policy of conservation enforced by the government, assures a supply for virtually all time.

Timber Lands and Licenses

Large areas in Newfoundland are held under timber licenses. The applicants for such licenses must survey the limit and pay to the government a bonus for such limits. The price varies with the nature of the territory, but in no case is it less than $2.00 per square mile. Such licenses are granted for terms up to 99 years, and one month's notice of intention to apply must be given in the Royal Gazette of Newfoundland.

Plant of the Anglo—the Great Newfoundland Development Co., Ltd., at Grand Falls.

For Further Information apply, The Minister of Agriculture

Government Offices - St. John's, Newfoundland

The Corner Brook plant of the Newfoundland Power and Paper Company, Limited. The plant has four machines, each of 100-ton capacity and a width 234 inches. They are designed to make a possible speed of 1,200 ft. per minute, but their average speed is 900 feet.

The raw material for the machines will be manufactured on the spot. It will require 120 tons of sulphite and 360 tons of ground wood to provide for this. The company has timber rights over two million acres, giving approximately a fifty years' supply.

Proper Harvesting Will Prolong Forest's Life

Canadian Forest Lands Can and Will be Cultivated and Reaped to Produce a Continuous Supply of Wood — The Work of the Forester

It is not generally known that the forester's work is not that of the so-called tree-surgeon; nor is his work that of a super-gardener who can grow trees. Rather, the forester stands in the same relation to the forest areas as does the scientific farmer to his agricultural land. In other words, the whole training of the forester is formulated to one end, namely, to know how to cultivate and grow forests so that they may yield an annual return.

Although most foresters in this country have had little opportunity of really practising their chosen profession, yet more along these lines is being accomplished and, as the public becomes more alive to the necessity for forest culture, so will the forester be more and more able to practice his profession to better advantage.

The science of forestry in its practice is vital to the Dominion for the forest industries are by far, and will likely remain, the greatest single unit in the Canadian industrial picture. How big a part the pulp and paper, timber and other allied industries play in the development of this Dominion is dealt with elsewhere in this issue. Thus the necessity for the greatest possible economy in reaping the harvests from our forests which, unless more precautions be taken shortly, will be denuded within the life-time of the present generation.

Reaping Crops Annually

The science of forestry itself is essentially based on forest cropping. Foresters can raise forest crops just as a farmer raises his periodic crops; forestry is simply another name for forest-culture, or, as it is presently called, silviculture in the same way that the scientific tilling of the soil is known as agriculture. Both these sciences depend upon the use of human intelligence to increase the productiveness of the soil in bringing forth saleable material.

Silviculture may meet its desired end either by producing a new crop in place of the one which has been removed or by regulating cutting methods so that there will be a steady annual increment.

Thus, by silviculture a forest can be made to yield annually a definite number of cords of wood. On the other hand, forests, like crops, mature and in one sense it is just as wasteful to allow a mature forest to stand as it is to exploit it. Unfortunately, the forester in this country, up to the present, has been regarded not as a producer but as one who can be called in to doctor a forest which has been maltreated.

Another branch of the foresters' business is research. It is not so long ago that the mere possession of natural resources determined the wealth of the country, but today that time has passed and the wealthiest countries, in the long run, are those which can produce the largest quantity of goods per capita per annum. Thus, many pulp and paper companies spend annually large sums not only on actual forest cultivation, but also in research departments which work away steadily endeavoring to produce the largest quantity of pulp from a given acreage. The Abitibi Power and Paper Co. has formed a special subsidiary, the Abitibi Research Corporation, to carry on this work, and the Canadian Pulp and Paper Association contributes largely to the research work carried on in conjunction with McGill University and the federal government.

The reason for the importance of the foresters place in Canada to-day is the fact that there is a definite limit to our timber resources. Moreover, the pulp and paper industry uses relatively only a few of the species which make up our forests. The chief woods used for paper are, of course, spruce, balsam and hemlock.

The industry is therefore concentrated at points which afford the most economical combination of wood and power; the latter is necessary, for as now operated, the newsprint industry requires about 100 horsepower for every ton of paper made. Without some revolutionary change in the making of paper this will always be so.

Greater Capital Invested

Then, too, the necessity of a permanent wood supply for our pulp and paper companies is the more importtant because there is a larger capital investment per unit of product in the manufacture of paper than in any other forest industry. A complete 100 ton newsprint mill with a power development might easily require an investment of $5,000,000 and if this mill owned good forest land to annually yield a crop of pulpwood sufficient to meet its requirements, another $5,000,000 might be involved. This means therefore an investment of $100,000 per ton of daily capacity to produce a newsprint mill which is self-contained, permanent and owns sufficient timber limits to supply its requirements in perpetuity.

Thus, with the paper industry, forestry is no longer a matter of theory. It is more and more playing a greater part in the work of the individual companies for it is a question of protection of investment in plants through the assurance of a supply of raw material. However, silviculture does not necessarily produce cheap timber—what it does do is to produce continuous timber.

The timber sold in this country has never been priced on a basis compatible with its reproduction cost; but some day this must take place.

A winter's supply of raw material at a paper plant.

Laurentide Carries Out Reforestation Plan on Limits

The Laurentide Company is steadily carrying out the extensive programme of reforestation which it drew up some two years ago. During the twelve months from July, 1924, to July, 1925, there have been planted four and one-half million white spruce trees, that is to say, four-year-old transplants set out in permanent plantations. From July, 1925, to date, one million trees have been planted. They are spaced five feet apart each way, using about seventeen hundred plants to the acre. Losses have been extremely low, averaging under one per cent. In addition, seeding in the nursery and the work of transplanting seedlings after two years in the seed-beds to the transplant lines has been carried on, providing planting stock for succeeding years. A large quantity of cones has been gathered, yielding about one pound of cleaned seed to the bushel of cones. The seed is extracted and stored for use in the nursery and to supply an ever-growing demand for seed of the high quality maintained in all stock used throughout the operations.

In the course of fifteen years' experiments in planting forest trees, many valuable lessons have been learned. First among these is the fact that the origin of the seed used is of very great importance in the growing of first quality stock. The seed is collected in the region around the plantations and cones are taken only from trees of good form and steady rapid growth, free from disease or defects. In this way, it is possible to avoid the production of stock which may be crooked or slow-growing. Again, much of the success of white spruce in plantations depends upon proper planting. After some years of experiment it has been found that many trees were planted too deeply, and consequently were slow to establish themselves. Some of these will in time recover, but they will have lost possibly three or four years' growth and cannot be compared with stock planted carefully at a proper depth with ample room for the roots to spread. In order to insure correct depth, the forester in charge of the plantations has designed a planting tool which automatically regulates the placing of trees in the holes. Results in one planting season have already demonstrated the value of the method, in vigorous trees more firmly rooted and showing more rapid progress towards establishment. In the second season trees so planted have made one foot to eighteen inches' height growth.

Some of the earlier plantations of pine are showing excellent results, notably Jack Pine planted in 1919, which has reached a height of ten feet, and Scots Pine planted in 1915 which is more than twenty feet high. White Spruce planted in 1920 has made splendid progress, showing a height at present of five feet. The company is now planting three million White Spruce transplants per annum, covering an area of about three square miles. The total area planted from the commencement of operations to date is ten square miles, containing aproximately ten million trees.

The statement that there are 115 pulp and paper mills in Canada does not convey a proper conception of the importance of industry, since many of the Canadian companies are very large organizations producing upwards of 300 tons of newsprint per day, and in some cases operating more than one plant. By a considerable margin the majority of Canadian companies are capitalized at figures that run into the millions, so that it is not surprising to find the total capitalization of the Canadian mills as being roughly $300,000,000; this is fully three times the total capitalization of ten years ago.

The pulp and paper industry is the greatest industrial user of hydraulic and hydro-electric power in the Dominion; these mills use more than 600,000 h.p. of electrical energy.

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Ground Wood Pulp
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Canadian Export Paper Company
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Spanish River

Company Grows as Holding Company as Well as Producing Company—Liquid Position Grows in Strength Through Investments Made in Plant from Earnings

Most significant of all developments in connection with Spanish River Pulp and Paper Mills during the past year has been its growth as a holding, as well as an operating company. Apparently at the fixed limit of 700 tons a day production at its regular three plants, the company has invested in other pulp and paper developments that give promise of adding considerably to its earning power in years to come.

Spanish River, some time ago, acquired a substantial interest in the Fort William Pulp and Paper Company and has also, after some consideration, gone into Manitoba, where it is the power behind the Manitoba Paper Company. Directors of the company are optimistic as to the improvement in the company's outlook, because of these widening investments and in the last annual report, President George H. Mead stated: "The company's investments include a substantial interest in the Fort William Paper Co., Ltd., purchased some years ago. This has proven a profitable investment and valuable connection. Pursuing this policy of enlarging its interests in the development of the paper industry in Canada, the company has, after careful consideration, acquired considerable holding in the capital stock of the Manitoba Paper Co., Ltd., which will be in production before the end of 1926."

Earnings Well Maintained

The earnings of Spanish River for the year to June, 1925, showed the effects of another reduction in newsprint prices, this time to $65 a ton, but the drop in earnings was really very small, showing that important savings had been effected in expenses to enable the company to maintain a satisfactory net earnings showing.

Earnings, per share on the stock were well over 12 per cent., when equally divided between the preferred and the common shares. This was the seventh successive year in which Spanish had earned upwards of ten per cent., although the dividend rate has been maintained at 7 per cent. throughout. Constantly there has been discussion among investors as to a possible increase in the dividend of Spanish. But the increase has not come. Instead, the directors have operated in two directions; first, to improve the company's cash position and make it fully shock proof and, second, to reinvest in plant and equipment that will increase revenues or reduce expenses.

Financial Position Improves

In the first aim, much success has been achieved and the growing working capital and the constantly increasing surplus are evidences of the inherent strength that is developing.

Compare, for example, the successive surpluses shown by the company's balance sheets:

Surplus—	
June 30, 1920	$1,060,798
June 30, 1921	2,349,796
June 30, 1922	2,446,892
June 30, 1923	4,485,000
June 30, 1924	6,402,853
June 30, 1925	6,458,324
June 30, 1926	7,009,309

Or the net liquid assets—the working capital—for a similar term of years:

Working Capital—	
June 30, 1920	$6,611,068
June 30, 1921	7,416,534
June 30, 1922	6,542,720
June 30, 1923	7,505,362
June 30, 1924	9,012,994
June 30, 1925	9,427,672

New Plant Out of Earnings

On the second point—the ploughing back of earnings and their investment in economy-working equipment—the purchase of twelve new hydraulic turbines for the Sault Ste. Marie mill, made during the past year, was an evidence. The new equipment replaces old machines and, as it will operate more efficiently, will reduce costs.

One reason, of course, why the dividend action has been deferred would seem to be the possibility of a merger of Spanish with Abitibi, a merger that might include other companies in Northwestern Ontario. Indutiably Spanish will enter serious merger negotiations in a much stronger position with its cash position strong.

Months ago it was stated that basic principles for effecting such a merger had been established, and it was a question of getting details arranged on an equitable basis. Evidently difficulties have arisen in this connection, but recent developments would indicate that these are being surmounted. Already there are certain working arrangements between the two companies. Both operate through the same selling agency, both concerns have a joint interest in the Manitoba Paper Co., and the personnel of the two have heavy interest in the Fort William Pulp and Paper Co.

Control Rest With Bondholders

The chief obstacle up to the present has been found in the varied status of the securities of the two companies, and the difficulty of establishing a common working basis. For example, control of Spanish River rests with the bondholders. This was fixed by the reorganization of several years ago, when the company defaulted in its bond interest payments. The directors are virtually trustees for the bondholders. There are some five grades of bonds and notes of the Spanish River Co. and its subsidiaries outstanding, of which three are callable in whole or in part before maturity, while the remaining issues are not callable except for sinking fund purposes. By virtue of an agreement made in 1915 the bondholders of the company receive 10 per cent. of all cash dividends paid on the preferred and common stock of the parent company since July 15, 1920, on which date they received in preferred stock 10 per cent. of the amount of that stock issue as a 42 per cent. stock dividend in payment of accrued preferred dividends. The preferred stock also participates equally with the common after 7 per cent. has been paid on the latter. The financial structure of the Abitibi Co. is less involved. The funded debt comprises three bond issues outstanding, one only of which is callable. The 7 per cent. preferred stock is cumulative, but not participating. The establishment of these various grades of securities on a common basis by the elimination of the several features is the task that, it is understood, is now receiving careful attention.

Capitalization—

	Authorized	Outst'd'g
Common	$10,000,000	$9,447,000
7% cum. pref.	10,000,000	8,619,500

Preferred participates equally with common after payment of 7% on latter.

Funded Debt—

1st mtge. bonds 6%, due 1931	$1,686,306
Mtge. lien notes 6%, due to 1929	1,078,000
Gen. mtge. bonds 8%, due 1941	2,883,000
1st mtge. 6% bonds, Ontario Pulp & Paper, due 1931	1,092,200

Dividend Record—

Year	Common	Preferred
1911	....	7%
1912	....	7%
1913	....	3½%
1920	1¾%	1¾ + 42%x
1921	7%	7%
1922	7%	7%
1923	7%	7%
1924	7%	7%
1925	7%	7%

x—Arrears paid up on preferred July, 1920.

Officers and Directors—

Officers.—George H. Mead, president; P. B. Wilson, G. R. Gray, C. H. L. Jones, vice-presidents; J. G. Gibson, secretary; A. H. Chitty, treasurer; C. H. L. Jones, general manager of manufacturing; G. R. Gray, general manager of woods.

Directors.—George H. Mead, P. B. Wilson, C. H. L. Jones, C. E. Read, T. Watson Sime, G. R. Gray, T. H. Watson.

Market Record—

Year	Common		Preferred	
	High	Low	High	Low
1912	70¼	34	97½	85
1913	72⅝	9	97½	30
1914	16⅝	9	51	30½
1915	7¼	3	35	35
1916	25	3½	70	29
1917	19	13	59¼	49½
1918	20	12⅝	65	50
1919	90½	17	131	63½
1920	125¼	75	149½	82
1921	89½	44	95	51⅞
1922	103½	58⅛	112¼	67
1923	103	32	108	94
1924	114¼	96	120½	100⅝
1925	111⅝	96½	127	112½
1926	111¾	96½	120	108

Profit and Loss— To June 30th—	1921	1922	1923	1924	1925	1926
Net earn.	$ 4,836,001	$ 3,361,537	$ 4,008,155	$ 5,038,029	$ 3,851,645	$ 5,038,092
Depres.	628,480	475,975	736,560	792,316	550,515	792,380
Int. on debts, etc.	744,371	950,645	888,178	766,052	751,558	766,052
Govt. taxes on contingencies	500,000	150,000	200,000	360,000	265,000	360,000
Net prof.	$ 2,963,150	$ 1,784,917	$ 2,183,417	$ 3,119,660	$ 2,284,571	$ 3,119,660
Pref. div.	603,365	603,365	603,365	603,365	603,365	603,365
Com. div.	629,685	629,685	661,290	661,290	661,290	661,290
Proportion of divi. paid to bondh'd'rs	137,005	137,005	140,517	140,517	140,517	140,517
Sink. fund	304,097	317,765	....	400,000	220,563	400,000
Surplus	$ 1,288,998	$ 97,096	$ 778,245	$ 1,917,853	$ 658,836	$ 1,314,488
Prev. surplus	1,060,798	2,349,796	2,446,892	4,485,000	5,799,487	4,485,000
From reserve	....	....	1,259,863	....	....	....
	$ 2,349,796	$ 2,446,892	$ 4,485,000	$ 6,402,853	$ 6,458,324	$ 5,779,488

Fort William

Company Gives Promise of Joining World Leaders in Paper

Rather rapid growth has been experienced by the Fort William Paper Company, which is now well established as one of the important newsprint paper producing units in the pulp and paper industry of Canada.

Back in 1922 the company was organized by George H. Mead, of Dayton, Ohio, the late Col. T. A. Gibson and others connected with the Spanish River Pulp and Paper mills. They were assisted by Sir Herbert Holt and his associates who sought a market for the surplus power of the Kaministiqua Power Company. A mill was built at Fort William, manufacturing first only groundwood pulp and then 80 tons of paper daily. A little over a year ago another paper machine was put in, bringing capacity up to 160 tons daily. Sulphite pulp was purchased from Spanish River. Now a sulphite pulp mill of 75 tons a day capacity is being rushed to completion and the paper machines are being speeded up.

At first the company was financed by the sale of bonds in Chicago. During the past year its financial structure has undergone radical change. It was necessary to finance the construction of the new mill, sulphite mill and the completion of the second paper machine and also to finance the purchase of the "Kam" Power Company, it being decided that a merger of the paper and power interests was advisable.

The old bonds were redeemed and a new bond issue of $3,500,000 made. Provision was made that the bond issue could be increased to $12,500,000 and there is no doubt that, as market conditions warrant, additional machinery will be installed to enlarge the capacity of the pulp units and paper mill of the company.

George H. Mead, chairman of the board of directors of the Fort William Paper Co., accompanied by W. N. Hurlbut, president of the organization, and other directors, spent a few days recently in Fort William, Ont. In the course of an interview, Mr. Mead said that it was planned to proceed next year with the enlargement of the mill, instead of 1928, as set out in the agreement with the city. He also said that indications point to rapid expansion of the industry in Ontario, and added that the site and the facilities of the local plant were capable of almost illimitable expansion. With adequate support, he said, there was every reason to believe that the Fort William paper mill eventually would become the largest individual plant of its kind on the continent.

It will be remembered that some time ago a by-law was carried by the ratepayers of Fort William, fixing the assessment of the Fort William Paper Co. at $300,000 for a term of ten years, from 1932. By that date the company must have completed a sulphite plant of 90 tons daily capacity and add two newsprint machines, each of 120 tons capacity, which will bring the ultimate output to 400 tons daily.

Capitalization—

	Outstanding
Common	40,000 shs.

(No par value.) All owned by Fort William Power Co.

Preferred	$1,500,000

7% cumulative, par $100.

Funded Debt—

First mortgage, 6% bonds, series "A," due 1946, $3,500,000.

Second mortgage, 6%, series "A," "B" and "C," due 1931, $1,500,000.

Officers and Directors—

G. H. Mead, chairman of board; W. N. Hurlbut, pres.; G. R. Gray, vice-pres.; P. B. Wilson, vice-pres.; C. H. L. Jones, vice-pres.; Sir H. Holt, J. S. Norris, N. N. Patterson, T. H. Watson, W. Struthers, treas.; J. G. Gibson, sec.

Profit and Loss—

Net earnings, after deducting operating charges, maintenance and repairs, but before depreciation, depletion and taxes:

Year end. June 30, 1924	[illegible]
Year end. June 30, 1925	[illegible]
Six mths. end. Dec. 31, 1925	[illegible]
Three mths. end. Mar. 31, 1926	[illegible]

Production—

A daily output of 160 tons groundwood pulp and 160 tons of newsprint.

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CONTINUED GROWTH IN CONSUMPTION SEEMS ASSURED

Publishers in U.S.A. Successfully Adopting Every Means to Increase Circulations

There has been a tremendous increase in the newspaper reading public in the United States over the past few years.

During 1925, the increase has probably been greater than ever before, and it is worth while pausing and taking stock of how this has been brought about and whether other increases may be anticipated in the future.

There are those who believe that the quota law in the United States will cut down immigration and thus newspaper circulations will have less chance of expanding. But immigration has been mainly stopped from those countries which furnish illiterate immigrants, who in turn produce little or no demand for news. Those to-day in the U. S. who are illiterate and not newspaper readers will eventually die off and their children, having been sent to public schools, will become newspaper readers. Coupled with this, too, is the natural increase in the population.

Eager for Circulation

But more than this, the publishers themselves are, of course, eager to obtain more and more readers year by year. In the old days, it will be remembered, probably only one in a family read a newspaper; generally, it was the father of the family. But to-day, the situation has altered materially; women are as close readers of the newspapers as men, and the younger generation, too, daily peruse the columns of the "Daily Bladder" or the "Evening Thunderstorm," with as keen a zest as the oldest member in the family.

In days gone by, also, newspapers largely confined themselves to politics and, with stern editorial leaders, retained a small circulation amongst the few who could be found to have identical views with the editor on things politic. But finally, publishers realized that only about 20 per cent. of the public were interested in politics and to-day the modern editor seeks to interest his readers with anything and everything—sometimes, it is anything, such as "Most Beautiful Child" contests, or "Buy the Zoo a New Lizard Campaign."

Again, since the war there has been a marked development in the interest in sporting news and to-day many newspapers are steadily increasing their circulations by devoting more and more space to this end of the news. Some papers in the United States run in three sections; one, with the general news; two, with the woman's section; and three, with sporting news.

This has resulted in larger and larger newspapers and some of the bigger papers in the States run 64 pages every day.

Radio an Adjunct

When radio first came in, it was thought it would take away many newspaper readers—the reverse has been the case and the newspapers are turning to the radios to increase their circulations. In this also they have been successful.

Then, too, publishers are printing newspapers to-day which reach an audience who never before purchased a daily paper. Particularly is this so in the so-called tabloid press, or daily picture paper.

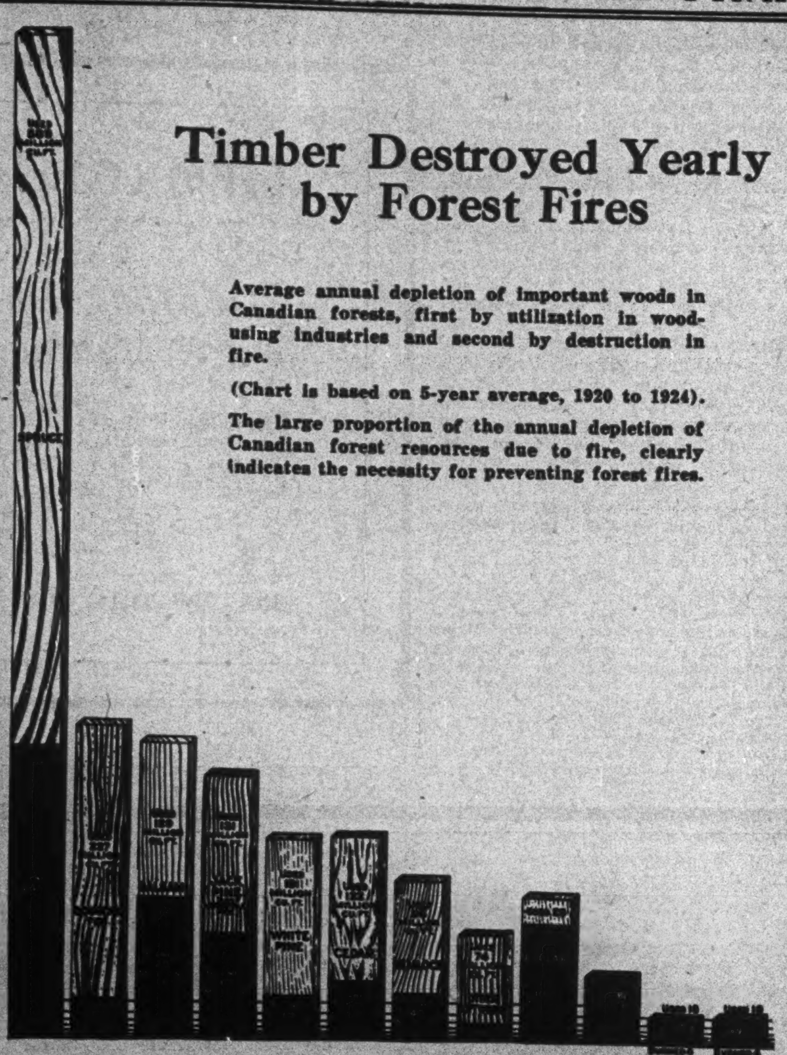
Finally, newspapers are learning daily more and more of the science, or art, of advertising. In this fashion, they have been able to build up, and will still build up, more regular advertising. With the growth of the advertising, so will the newspaper business in the United States continue to flourish. Newspaper publishers in the United States are probably more optimistic about the future to-day than they ever were, and an increasing consumption of newsprint may be anticipated in that country.

How Much Paper Do Dailies Eat?

Where does all the newsprint go? How much paper does the average newspaper consume in a week? These and other questions concerning the consumption of the newsprint which rolls out of the machines in this country at the rate of over 6,200 tons every day in the year would take a lot of answering. But to give some indication of the amount of paper which flows in, and out of, the daily papers, it is interesting to note that the Montreal Daily Star consumed 4,220 tons in three months. The Star has a circulation of about 110,000 every day. The investor in newsprint shares can figure out for himself the consumption of a newspaper such as the Daily News in New York, which is daily read by well over 1,000,000.

The consumption of newsprint in the presses of the Montreal Star week by week, for the last three months of 1925 was as follows:

7th October, 1925 ...	253 tons
14th October, 1925 ...	263 tons
21st October, 1925 ...	261 tons
28th October, 1925 ...	277 tons
4th November, 1925 .	263 tons
11th November, 1925 .	262 tons
18th November, 1925 .	275 tons
25th November, 1925 .	284 tons
2nd December, 1925 .	273 tons
9th December, 1925 .	269 tons
16th December, 1925 .	269 tons
23rd December, 1925 .	265 tons
30th December, 1925 .	201 tons



Timber Destroyed Yearly by Forest Fires

Average annual depletion of important woods in Canadian forests, first by utilization in wood-using industries and second by destruction in fire.

(Chart is based on 5-year average, 1920 to 1924).

The large proportion of the annual depletion of Canadian forest resources due to fire, clearly indicates the necessity for preventing forest fires.

Laurentide Company

Excellent Showing Made During Past Year Reveals to Investors Great Strength of Company — Has Been Built Up Into Immensely Strong, Stable Position

From an investment angle, the chief feature of the Laurentide Company is its permanence—permanence of construction, organization, policy, and last, but not least, permanence of dividends. Laurentide has steadily made progress, and it is noteworthy that it came through the slump of 1920-21 without any reduction in its dividend payments.

The company was first incorporated in 1887, and has come through various stages of development into what is now generally recognized as a substantial and solidly-constructed money-maker. Incidentally, toward the beginning of this year, J. W. McConnell was added to the board of directors—the fact that this shrewd investor had become more heavily interested in the company probably increased, to some degree, the measure of the investor's realization of the merits of the property.

The Laurentide Company owns about 75 per cent. of the stock of its subsidiary power company, the Laurentide Power Company, which has enjoyed a record of unbroken annual increases in its revenues. The parent company enjoys an annual revenue from this source and carries this asset on its balance sheet far below the stock market valuation of the property.

Against what is apparently the company's small margin of profit over dividend requirements must be set the fact that Laurentide has always adopted the most conservative attitude in its accounting and has always been liberal in its depreciation and depletion allowance. It is said that the depletion account provides for the covering of the valuation of the timber limits in the balance sheet every ten years.

The company has an invisible asset in the goodwill of its employees, who own well over 15,000 shares of its stock—one result of this policy is the fact that the company has a very small percentage of labor turnover. In the town of Grand Mere, P. Q., the company has built up a permanent, good-looking town in which its employees live.

The company estimates that it has wood for thirty-five years' operation in sight, provided wood from its own limits is used exclusively. In addition, the company purchases every year sometimes as high as 60 per cent. of its requirements from other sources, thus conserving its own limits. Laurentide also was a pioneer in reforestation and owns a nursery with an output of 6,000,000 trees per year.

Although liberal reserves have regularly been credited to depreciation account, the entire plant has been practically rebuilt and portions of it twice during its existence. Its machines have been remodelled to meet modern conditions until to-day, nothing of the original machines remains except, possibly, a portion of the frames. The company operates a well-equipped research department which spends its entire time on operating problems and testing new methods.

But perhaps the most spectacular thing in connection with the company is the impressive way in which it has completed the fiscal year which closed on June 30 last. Despite the fact that newsprint prices were $5 a ton lower during the second half of the fiscal year, both gross and net earnings have been maintained, the working capital position has been even bettered, and the bank loan entirely eliminated. All this, despite the somewhat gloomy attitude of the public toward the newsprint industry as a whole at the beginning of the calendar year.

The Laurentide Power Company was organized in the year 1915. It is a low cost development and maintains a low ratio between operating and overhead costs and earnings. It has a present maximum capacity of 160,000 h.p., and an additional unit of 20,000 h.p. may be installed when required. The parent company has a contract for power with its subsidiary at a low rate extending over a long term of years. This contract in itself constitutes a valuable asset of the parent company.

The remaining output of the plant is sold to the Shawinigan Water and Power Company. The Laurentide Power maintains no transmission lines and sells the power at its own plant. And secondary or surplus power over and above these two contracts is sold to the Laurentide Company and is purchased cheaply; it can be used, therefore, in the production of steam, thus supplanting coal.

Laurentide's balance sheet shows that the company is in a strong position; but it is certain that there is even greater strength in the position which it occupies than is apparent from the figures in the annual report.

Capitalization—

	Authorized	Outstand'g
Capital stock..	$35,000,000	$28,800,000

In 1920 shareholders received three shares of new stock for each one share of old stock.

Funded Debt—

None.

Dividend Record—

On stock of predecessor company, dividends were paid as follows: Oct., 1911, 1½ per cent.; Jan., 1912, to Jan., 1917, inclusive, 2 per cent. quarterly; April, 1917, 2½ per cent., which quarterly rate was paid to and including Oct., 1918; Jan., 1919, to Jan., 1920, inclusive, 3 per cent. each quarter. An extra dividend of 3 per cent. was paid July, 1919. On stock of present company dividends have been paid at rate of 1½ per cent. quarterly, April, 1920, to date.

Officers and Directors—

Officers. — Geo. Chahoon, Jr., pres. and gen. mgr.; Chas. R. Hosmer, vice-pres.; Louis Armstrong, treas.; Wm. F. Robinson, sec'y.

Directors.—Geo. Chahoon, Jr., Chas. R. Hosmer, J. W. McConnell, Ed. Hanson, F. A. Sabbaton, Com. J. K. L. Ross, Geo. H. Montgomery, K.C., Sir Lomer Gouin, K.C.M.G., Sir Vincent Meredith, Bart.

Market Record—

Year	High	Low
1912	240	155
1913	233	140
1914	192¾	164½
1915	198	160
1916	217½	176
1917	195	152
1918	198	152
1919	276	192
	New Company	
1920	125	81
1921	95	62
1922	99	72½
1923	103½	85
1924	98½	79½
1925	91	75
1926 (to date)	108½	81½

Production. — 850 tons groundwood pulp; 165 tons sulphite pulp; 388 tons newsprint and 60 tons of book, writing and other paper daily.

Profit and Loss—

Year end. June 30—	1921	1922	1923	1924	1925	1926
Profits	$ 6,404,395	$ 2,360,640	$ 2,781,890	$ 3,058,350	$ 2,670,106	$ 2,632,950
Inc. from invest. ..	319,638	332,514	386,107	493,240	391,557	388,918
Total inc.	$ 6,724,033	$ 2,693,154	$ 3,167,997	$ 3,551,590	$ 3,061,663	$ 3,021,868
Interest, etc.	885,261	440,632	424,998	318,876	381,065	316,293
†Deprec. res.	1,322,843	458,461	753,896	1,148,189	770,622	798,742
Dividends	1,728,000	1,728,000	1,728,000	1,728,000	1,728,000	1,728,000
Inventory res. ...	2,000,000	....	....	....	....	....
Surplus	$ 787,929	$ 66,061	$ 261,103	$ 356,524	$ 181,976	$ 178,833
Rate % earned ..	8.73	6.23	6.90	7.24	6.63	6.62

†Includes reserve for taxes, depreciation and depletion.

OTHER NATIONS NOW ENCOURAGE REFORESTATION

In Europe Tree Re-growth is of Ancient Standing

What are other countries doing to protect their forest areas? Some of them are doing little and some are doing more, but broadly speaking they all seem to be doing more than Canada. From the Pacific coast of the United States come reports of some of the big lumber companies embarking on extensive reforestation. The tendency has been toward scientific lumbering in place of the old destructive methods. This implies lessened returns, at least for a number of years, and increased expenditures for planting and protecting the new stands. Some of the lumber companies still owning large stripped areas are trying to find out the approximate cost per acre of developing them for a generation or more while the trees are reaching marketable age. The question of taxes alone is difficult. Although in most States the assessment of deforested lands is not high, the tax charge throughout the period of growth of the trees is an important item in the overhead cost of lumbering.

In Europe the policy of reforestation and of selective cutting has been in force for many years. The shortage of naturally grown timber is so great there that the price of cropped timber is high.

China is always held up as the great example of the evil effects of deforestation. Many efforts have been made in recent years to replant. The Germans started reforestation in the vicinity of Tsingtao in the Shantung Peninsula, where they formerly had their naval and commercial base. When this territory was captured by the Japanese in 1914 the forestry work was carefully maintained. After the Washington Conference, Tsingtao was returned to China. Since then most of the trees have been cut down for firewood. The latest attempt to reforest in China has been by setting out a few trees on a small plot of land and permitting a Chinese to cultivate a narrow strip around them so long as he undertakes to protect the trees from marauders. How well this will work is not yet known.

New York State has done much to further reforestation. It furnishes at a nominal cost young trees in lots of 1,000 for purposes of replanting treeless areas. This is primarily intended for farmers and individual landowners. But it all helps to develop that popular interest in reforestation as a practical policy which is necessary to re-enforce the present disposition of lumber companies to think in terms of long yields instead of quick profits.

First American Mill

The paper mill's first contribution to humanity on this continent was made two hundred and thirty-six years ago near Philadelphia. The mill was known as the Rittenhouse Mill, and was the only establishment of its kind in America at that time. In this mill rags were beaten to pulp in mortars of stone by means of trip hammers, and the paper was formed on hand screens two feet square. The daily output of paper produced at this mill at that time was sixty pounds a man.

LIST OF
ELECTRICAL CONTRACTS

Undertaken and Completed
By
The Canadian Comstock
Company, Limited
NEW BIRKS BLDG. MONTREAL

COMSTOCK COMPANY LIMITED

Canadian International Paper Co., Three Rivers, Que.
8 Paper Machines. Capacity 750 tons daily.
Canadian International Paper Co., East Templeton, Que.
4 Paper Machines. Capacity 500 tons daily.
St. Maurice Paper Co., Three Rivers, Que.
St. Lawrence Paper Mills, Three Rivers, Que.
Wayagamack Pulp & Paper Co., Three Rivers, Que.
Fraser Companies (Paper Mill), Edmunston, N.B.
Port Alfred Paper Corp., Port Alfred, Que.
4 Paper Machines. Capacity 400 tons daily.
St. Regis Paper Co., Godbout, Que.
Hydro-Electric Development, Transmission Line, Wood-Handling Plant.
J. C. Wilson Co. Ltd., Lachute, Que.
Conversion of drive from mechanical to electrical.
Abitibi Power & Paper Co., Iroquois Falls, Ont.
Manitoba Paper Co., Pine Falls, Manitoba.
Ste. Anne Paper Co. Ltd., Beaupre, Que.
Donohue Bros. (Tidewater Mill), Murray Bay, Que.

Brown Corporation
(A Canadian Corporation)

THE holdings of this corporation comprise a pulp-making plant with a daily capacity of 240 tons of sulphate pulp, a lumber mill, and chemical works for utilization of all waste, representing a cash investment of $14,000,000.

Water-power (developed and undeveloped) .... 140,000 h.p.
The corporation's timberlands comprise approximately:
1,000,000 acres in fee simple.
2,000,000 acres in timber leases.
160,000 acres in stumpage.

With an estimated total of over 12,000,000 cords of pulpwood the corporation **has practically an unlimited supply of raw material.**

The Brown Corporation markets most of its tonnage to the parent company, Brown Company, Portland, Maine, the largest manufacturer of Bleached Sulphite and Kraft Paper in the United States.

Capital
7% First Preferred - - - - $1,900,000
Common - - - - - - - 9,000,000

Principal Offices
71 St. Peter Street — Quebec, P.Q.
Mills at La Tuque, P.Q.

Past Twelve Months Better for Sulphite

Sulphite Companies Will All Show Much Bettered Earnings for 1926 — With Increased Demand, Prices Improved — The Industry Reviewed

Ranking next in importance to the newsprint industry in the pulp and paper field comes the sulphite industry. There are some companies such as the Fraser Companies whose Canadian output consists entirely of sulphite, then there are those companies definitely engaged in the manufacture and sale of both sulphite and newsprint, such as the International Paper Company and finally there are those newsprint companies which manufacture only the amount of sulphite which is required for further manufacture into newsprint. Practically all the newsprint companies in Canada manufacture their own sulphite pulp requirements. About 25 per cent. of the pulp which goes into newsprint is sulphite. The remainder is groundwood.

Thus of all the sulphite manufactured in Canada, little is actually sold in this country, but goes abroad for further manufacture into either high grade paper or into rayon or artificial silk.

As there are many investors whose interest in the pulp and paper industry centres on the manufacture of sulphite, it is worth while reviewing this special branch of the industry.

About sixteen months ago there was a marked revival of the demand for sulphite with a consequent upward swing in the price level; this has been reflected in the earning of those companies which are engaged solely in the production of this kind of pulp.

Has Experienced Demand

Many factors have combined to bring about this revival in the industry. Firstly, in common with the newsprint industry, sulphite suffered in the debacle of 1921—since that date the demand has improved, but nothing like to the extent experienced by newsprint, for there has been a greater increase in the consumption of newspapers than there has been in the consumption of higher grade papers of which sulphite is one of the chief ingredients.

Thus, for several years the sulphite market has shown little improvement, and consequently over a term of years there has been practically no increase in the world's sulphite capacity. With bettered business conditions prevailing generally everywhere, naturally the demand for sulphite began to mount once again, and fortunately in the meantime there had been none or little increase in the capacity of any of the mills. Hence there has not been any large surplus dumped on the markets to depress prices.

The growth and popularity of artificial silk as a textile is another factor which has contributed in no small degree to the bettered position of the industry as a whole. While the world demand for sulphite with which to manufacture rayon can not be called large—the Kipawa mill of the International Paper Company sells its entire output to rayon manufacturers, and in so doing fills one half of the world's rayon requirements—yet in the manufacture of rayon only the finest grades of bleached sulphite pulp are used.

Lower Grades in Demand

Thus with the removal of a definite tonnage of high grade sulphite, the markets for the lower grades must naturally tend to move upward. During the past summer the demand slackened off; but this is a usual seasonal occurrence, and those in the industry feel that the autumn months will again see an enlarged demand.

From the following figures which show the exports of sulphite pulp over the past seven years will be seen how great is the improvement in the industry generally and also, that as compared with 1924, there has been an improvement in the price per ton:

Bleached Sulphite Pulp Exports

	Tons	$
1926 (6 months) ...	99,571	7,788,473
1925	185,890	14,049,500
1924	165,869	12,383,645
1923	159,873	13,568,320
1922	151,048	12,112,480
1921	76,801	7,540,128
1920	100,640	15,225,226

Unbleached Sulphite Pulp Exports

	Tons	$
1926 (6 months) ..	133,357	7,576,896
1925	263,854	14,150,271
1924	222,227	11,611,367
1923	228,003	12,406,995
1922	208,445	10,377,746
1921	127,389	9,122,612
1920	281,854	30,778,486

Industry Has Revived

The past fifteen months has witnessed a marked revival in the chemical pulp industry in Canada. During the first half of 1925, the market for kraft pulp, like that of sulphite, was weak, but later in the year the market strengthened and the chemical pulp producers as a whole have benefited, although the benefit has been more marked in the sulphite industry than in that of sulphate.

In 1925, the exports of sulphite pulp from this country showed a gain of 16 per cent., as compared with 1924. Of this gain, the exports to the United States showed an increase of 12 per cent., while the exports to other countries increased by 48 per cent. The price on all grades of sulphite showed a marked increase during 1925, and on some grades rose about $10 a ton.

The total exports of sulphite for the last two years compare as follows:

To the United States

1925	390,741 tons
1924	345,983 "

To Other Countries

1925	58,997 tons
1924	42,110 "

It is interesting to note that the recovery in the European demand for sulphite was greater in 1925 than in any one year since the post-war boom period. It is this factor which has just contributed largely to the bettered results with which the industry has met and is meeting.

The fundamental conditions underlying this industry are sound, and while the sulphite mills are probably not yet obtaining the prices to which they are entitled for their output, yet they may do so.

Exported as Pulp

Because the United States has a tariff on high grade paper, Canada cannot sell the finer quality paper in that market, but the raw material for the paper is supplied in the form of sulphite pulp.

There are three major grades of sulphite. The first is the low-grade sulphite, which is used to a certain extent in the production of newsprint. Easy bleaching sulphite pulp is the pulp in its unbleached state, and it is usually bleached at the paper mill for manufacture into paper. Bleached sulphite pulp is wood pulp at its highest state of manufacture. The next step is the manufacture of paper.

Pulp goes into the United States free, so that, although Canada has no adjacent market for high-grade paper, yet it has a good market for sulphite pulp. The consequence is that many of the high-grade paper companies ship their surplus production to the States.

Bleached sulphite pulp is distinguished by its length and strength of fibre, its purity and its whiteness. While the cost of manufacture is relatively high, its indispensability in high-grade paper-making has set its market value much above that of other wood pulp, and, of course, above groundwood.

Gains Wider Market

The situation with regard to sulphite pulp in the United States is much the same as it is with newsprint. The Canadian product is being used more and more, whereas the American product continues to occupy a continually decreasing proportion of the market. The American chemical pulp mills in 1917 produced 83 per cent. of the total chemical pulp consumption of that country; the proportion of the total tonnage in 1924 fell to 62 per cent., and in the same period Canada's exports of chemical pulp increased 117 per cent.

There seems to be no limit whatever to the amount of paper which the American people can consume. In fifty years the consumption of paper has increased tenfold. The consumption of fine paper, which principally comes from sulphite pulp, has increased four and a half times in the last twenty-five years.

Those who knew the market feel that within the next twenty-five years the total consumption of paper in that country will increase two or three times over the present volume. Thus the future market for both bleached and unbleached sulphite wood pulp is assured, and, as lack of wood has definitely arrested the growth of American pulp mills, the prospect for Canadian sulphite mills is bright.

Manufacturing Sulphite

The making of sulphite pulp is decidedly different from the making of groundwood pulp. From the log pile the logs move in a conveyor to a chipping machine, which chips them into little bits of wood about 1¾ inches long. The logs are broken up into these small pieces by means of a chipping machine, which is nothing more than a steel disc with sharp knives radiating from the centre. The logs are fed to this machine, and, as the disc rotates, so the log is sliced up. A belt moves under this machine and, from the belt, pieces which are too large in size are mechanically sorted out. Then the remaining chips, which are of uniform size, are carried into the digestors, in which they are cooked. These digestors are large boiler plate cylinders set vertically.

Something over 50 per cent. of spruce wood is composed of non-fibrous matter, while the remainder is fibrous, in other words, cellulose. It is this cellulose, or fibre, which makes the paper and gives it strength.

It is the digestors which separate the fibre from the other material in the wood. This is accomplished by cooking the spruce chips under steam pressure in an acid which dissolves or separates all the soluble and non-fibrous matter from the cellulose, leaving the pure fibre free.

The preparation of this acid is an important process, and is left in the hands of technical men—the acid is bi-sulphite of lime. It is made right at the plant. Sulphur is burnt in specially designed ovens and is introduced into tall towers filled with limestone. The gas rises and meets water filtering down through the blocks of limestone and the resulting chemical reaction forms this acid, called bi-sulphate of lime.

And Then Bleaching

The digestors are lined with acid-resisting bricks and in modern mills their standard size is 56 feet in height by 17 feet diameter, which produces about 15 tons of sulphite at each cooking. After the wood chips and the acid have entered the digestor, the steam is forced in at high pressure and the cooking of the wood begins. When the wood is finally cooked, a valve is opened in the digestor and the pressure of the steam shoots the contents out. The pulp then goes into a large chamber where it is washed until it is finally free from the acid.

Then the knots are removed and the fine pulp is separated from the coarse pulp. Passing on, the pulp, or, as it is usually called, the "stock," goes to the bleachery. The bleachery consists of a series of tiled tubs, and in these the pulp is circulated with the bleaching liquid. At this stage the pulp is a white, frothy mass, having the appearance of thick foam.

Sometimes, though, pulp is sold in an unbleached condition, as many of the paper manufacturers prefer to bleach it themselves.

Makes Finest Papers

After the pulp has been properly bleached, it goes to the great drying machines, each upward of 200 feet long by 15 feet wide, which convert the pulpy mass coming from the bleachery into dry sheets of pulp of even consistency. These sheets look just exactly what the reader thinks they look like, that is, like very rough soft cardboard, about an inch or so thick. But why describe pulp? Everybody remembers it. Has not everybody been to school? It is the invariable habit of schoolboys to put pieces of paper in their mouths and then chew them up, after that they are hurled at some other ruffian. The pulpy mass, which is received in the face by some youthful opponent is exactly the same substance as that which is usually referred to as pulp or sulphite pulp.

The last process is the drying machine and then the pulp is cut to size and baled or rolled ready for shipment to the world's market.

Improved methods of processing have combined to yield a bleached sulphite pulp from which are being produced finer grades of paper than was formerly thought possible. Not so many years ago, fine papers were exclusively made from rags — since then high-grade sulphite pulp has entered more and more into the manufacture of fine papers and many hundreds of thousands of tons of sulphite paper are produced yearly. The steadily increasing cost of rags on the one hand, and the continued improvement in the paper making quality of sulphite pulp on the other, have widened the market considerably.

Physiographic, climatic and soil conditions in Canada generally seem to favor the coniferous type of forest. While the more fertile portions of Ontario, Quebec and the Maritime Provinces supported a heavy virgin growth of hardwoods, the greater part of Canada's forest area is covered with spruce, pine, balsam, Douglas fir and other coniferous softwoods. Three main groups of forest growth in Canada follow the main physiographic divisions already mentioned. These groups are the Cordilleran, the Great Plains and the Eastern forests.

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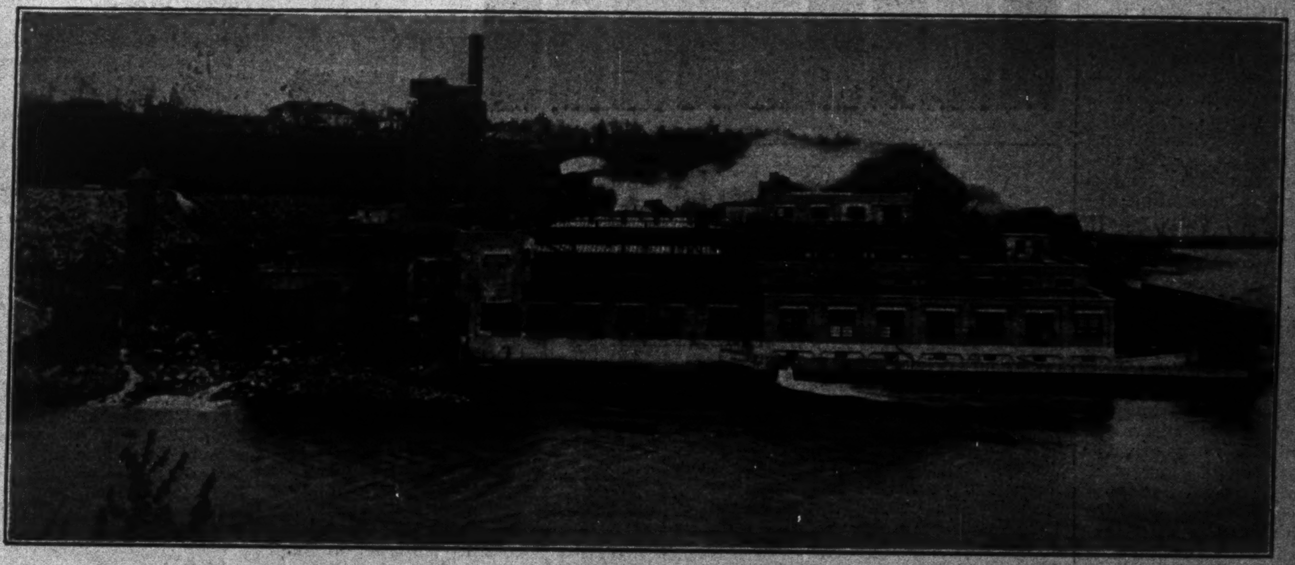

Plant of the Donnacona Paper Company showing excellent rail and water shipping facilities.
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LIMITED
Manufacturers of
Newsprint Paper
Mechanical Pulp
Sulphite Pulp
Railway Connection: Canadian National
Water Shipments: Via St. Lawrence Route
DONNACONA, QUEBEC.

Wayagamack Pulp

Considerable Expansion Within the Past Year Places the Company in a Bettered Position — Earnings Are Increasing — Market for Output Improved

The most recent and important news in connection with the Wayagamack Pulp and Paper Company is the latter's purchase, in conjunction with Port Alfred and St. Maurice Valley Corporation, of the island of Anticosti and the formation of the Anticosti Corporation. Thus, for the future, a portion of Wayagamack's raw material will come from this island situated in the gulf of the St. Lawrence. Incidentally, the timber on the island is of greater value than that on leasehold land, for the island of Anticosti is owned outright by the Anticosti Corporation and thus, if occasion should arise, its timber could be exported and sold in the States, whereas there is an embargo on unmanufactured timber from crown lands.

At the close of 1925, the Wayagamack News, another subsidiary of Wayagamack, began operations. This plant adjoins that of the parent company and produces newsprint. In order that this subsidiary may get off to a good financial start, it is thought probable that no profits will accrue to the parent company during the present year.

The parent company is the largest manufacturer of sulphate pulp and kraft wrapping paper in the world. Its growth has been steady and is largely the result of the re-investment of profits in the business. The products are shipped all over the world; Wayagamack has an extensive export business and about half of its total production of kraft paper goes to foreign countries. During the past year this branch of the company's business has undergone a considerable improvement, with a consequent increase in earnings which will be still further augmented by profits which will accrue from the newsprint subsidiary in due course.

The surplus production of sulphate pulp over the requirements of the kraft paper mill is largely shipped to the United States, where it enters duty free. There is a United States tariff against wrapping paper and, for this reason, the export markets for kraft paper are farther removed than the markets for its pulp. As Wayagamack's domestic and foreign markets widen, it will use in its own kraft paper mills more and more of its sulphate production.

The site of the plant has many natural advantages. It is located on Wayagamack island at the mouth of the St. Maurice River, where it joins the St. Lawrence. Thus it has a river channel, the St. Maurice, to bring logs to the mill, and another river channel, the St. Lawrence, capable of accommodating ocean vessels at its own dock to take away its production. It has an excellent pulpwood and power supply and a record of steady growth from a 50-ton mill in 1913 to its present capacity. Incidentally, the company owns all the outstanding stock of its newsprint subsidiary.

Thus, Wayagamack has obtained a more diversified output, which should increase its earning power without a commensurate increase in its operating expenses. The completion of the newsprint mill has brought about substantial savings in overhead alone; all of which will be reflected in earnings.

Bettered foreign and domestic markets for the company's output of both kraft pulp and wrapping paper have contributed to a degree in the bettered position of the company; this has already been reflected in the market price of both Wayagamack's bonds and shares.

Capitalization—

	Authorized	Outst'd'g
Capital stock ...	$5,000,000	$5,000,000

Funded Debt—

1st mortgage bonds 6%, due 1951	$4,341,000
Gen. mortgage 6%, 1930 ..	1,500,000

Dividend Record—

Initial dividend of 1 per cent. paid March, 1920; June, 1920, 1 per cent.; Sept., 1920, to June, 1921, inclusive, 1½ per cent. each quarter, none since.

Officers and Directors—

Officers.—C. R. Whitehead, president and general manager; Jas. W. Pyke, vice-president; F. I. Ritchie, manager; Geoge Henderson, comptroller; D. L. Adams, treasurer; R. Collins, general superintendent.

Directors.—C. R. Whitehead, J. W. Pyke, Hugh Mackay, K.C.; G. H. Duggan, Alex. Maclaren, N. J. Dawes, J. F. Taylor.

Market Record—

	High	Low
1912	40½	28
1913	38¾	21
1914	32½	21
1915	26½	26
1916	112⅛	27
1917	97	50
1918	90	45
1919	90	50
1920	150¼	71
1921	89	27
1922	65½	34
1923	61¼	32
1924	46	32
1925	75	34½
1926 (to date)	100	56

Production.—150 tons groundwood pulp, 240 tons sulphate or kraft paper, 200 tons newsprint, and 120 tons kraft or wrapping paper daily.

Profit and Loss—

	1920	1921	1922	1923	1924	1925
Profit	$ 2,152,707	x$ 156,712	$ 372,030	$ 893,396	$ 677,509	$ 1,189,268
Bond interest	210,000	210,000	260,854	300,000	300,000	336,811
Bond discount	10,000	10,000	10,000	10,000	10,000	20,000
Depreciation	160,000	160,000	160,000	160,000	160,000	160,000
Stumpages	297,900	120,928	50,068	217,140	118,495	111,542
Resources	366,000	....	....	....	....	....
Dividends	250,000	150,000	....	....	....	....
Surplus	$ 858,807	$ 807,640	$ 108,892	$ 206,356	$ 89,014	$ 560,915
Rate earned, %...	22.18	....	....	4.13	1.78	11.22

xLoss.

E. B. Eddy Co.

Company Has Shown Steady Growth Since Output Was 10 Boxes a Day

Probably one of the best known companies in all Canada is that of the E. B. Eddy Co. which, since 1851, has been one of the chief industries, centred in Hull, P. Q. Everyone who uses matches—and who does not? — is familiar to some extent with this company which is the largest producer of matches in the Dominion. But this is only a portion of the output of its large plants. Eddy's has a varied output, which consists of a daily production of 120,000,000 matches, 7 tons tissue, 25 tons board, 155 tons newsprint, 1,000,000 paper bags, 8 tons bags and manilla, 15 tons wrapping paper and 10 tons book and writing paper.

The business first began in 1851 when the late Ezra Butler Eddy began making matches in a little rented shack in Hull, turning out, at most, ten boxes a day. Since that date the story of the company has been one of continued progression and expansion.

A 75 Acre Plant

The big plant to-day covers an area of some 75 acres. The raw materials to feed the mills come from timber limits covering over 2,000 square miles on the Ottawa and Gatineau Rivers. The mills employ some 2,500 persons. The company owns a fleet of steamboats and scows, and in addition operates a private railway which connects every unit in its works with the main trunk railways.

A number of the great U. S. dailies are printed on Eddy newsprint, and Eddy matches go all over the world. In Newfoundland and the West Indies, the output of the mills finds an especially large market.

About one year ago the company carried out a gigantic plan of modernization and improvements in its properties; the newsprint capacity was more than doubled, the sulphite mill was rebuilt and enlarged, and new timber limits were opened up. The present newsprint mill has been so designed that its capacity may be doubled without further extensions to the plant.

Dominion and Provincial
Government Bonds

Municipal Bonds

Public Utility
and
Industrial Financing

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Sold throughout the world
"BEAVER S" PAPERS

MADE IN CANADA

FROM one mill with a modest output of 10 tons of paper in 1914 Howard Smith Paper Mills Limited has grown to be one of the largest producers of fine writing papers in the Empire, with four mills at Cornwall, Crabtree, Beauharnois and Gaspé, making over 105 tons of paper daily.

From forest to finished product "Beaver S" papers are made in Canada in a wide range of qualities, colours, sizes, weights and finishes—each one designed for a special purpose.

Steady and consistent increase in sales throughout the world prove conclusively how thoroughly "Beaver S" papers are living up to the ideal of this Company to make the finest papers consistent with sensible cost.

Busy executives will realize at once the time and money saving value of our "Economy Paper Chart." Have your secretary write for it.

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KRYPTON PARCHMENT
BELL-FAST BOND
PROGRESS BOND
LOCARNO COVER
RUSKIN COVER
THEMIS TEXT
CARLYLE JAPAN
PROGRESS BLOTTING

HOWARD SMITH PAPER MILLS
LIMITED
MONTREAL

Mills at Cornwall, Ont. • Beauharnois, P.Q. • Crabtree, P.Q. • Gaspé, P.Q.

PROVINCIAL PAPER NEW MACHINE SOON TO BE COMPLETED

Half Million Dollars Being Spent Without Enlarging Debt

SECURITIES ADVANCE

Stock Market Reflects Steady Forward Movement of Company in Fine Paper Field

The present promises to be an excellent year for Provincial Paper Mills, and the fore-runner of a succession of improved years as larger capacity makes its influence felt on earnings.

Present indications are that Provincial Paper Mills' expansion program at Port Arthur will be carried out without any increase in the issue of outstanding bonds. As half a million dollars is being expended to enlarge the company's capacity, this is significant evidence of the company's financial strength.

At Port Arthur, the company is adding another paper machine to the one installed there in 1923. The 1923 machine was not long in building up a market for its entire production. For some eighteen months, it was run on newsprint while a market was being built up for the book paper, for which it was originally intended. The machine now being installed, will be ready about December 1, and will also be started on newsprint paper while the company is enlarging its markets for book paper. How long it will be necessary to run on newsprint paper depends upon the extent of the rise of business generally in Canada, the book paper market following fairly closely the tendency of business in Canada. The new machine is 167 in. wide and will make 65 to 70 tons daily. Present capacity of all mills is something over 100 tons daily.

Put in Groundwood Machinery

In addition to the installation of the paper machine, the Port Arthur mill has been enlarged by the installation of machinery for the manufacture of additional groundwood pulp. It was not necessary to increase the capacity of the sulphite mill — sulphite being the other main constitutent of the paper produced—as Provincial Paper has concentrated its sulphite pulp production at Port Arthur for a number of years and has ample capacity for both paper machines. It will, however, have to buy sulphite pulp for its other mills which have formerly been supplied from Port Arthur.

Provincial Paper now makes paper at four centres in Ontario. At Thorold, it operates two paper machines; at Mille Roche, two machines; at Georgetown two mills, one a paper mill with two paper manufacturing machines and one a coating mill with six machines finishing paper.

Steady Advance in Business

Production consists of the better grades of paper, book and writing, for magazines and publications and for correspondence. The company's market is chiefly with the larger users, and it sells direct to its customers in most cases.

Business has been built up steadily, and the company products enjoy an excellent reputation, which is reflected in the continuous forward movement in the company's securities and the excellent financial statement presented each year.

Profits last year were considerably increased over the profits for 1924, and indications are that the present year should be at least as good.

Capitalization—

	Authorized	Outstand'g
Common	$7,600,000	$3,500,000
7% cum. pref.	2,400,000	1,700,000

Funded Debt—

First gold 6% due 1940 ...	$3,000,000	$1,387,000

Dividend Record—

Dividends on preferred stock of present and predecessor companies regularly paid quarterly. On common stock of the former company 4 per cent. per annum was paid in 1917, 1918 and 1919; Jan. and April, 1920, 1½ per cent. each; July, 1920, present company, to date, 1½ per cent. quarterly. Extra dividends of 1 per cent. each were paid Oct., 1920, Jan. and April, 1921, Jan., 1923 and Jan., 1926.

Officers and Directors—

Officers.—I. H. Weldon, pres.; T. A. Weldon, vice-pres.; S. F. Duncan, treas.; W. S. Barber, sec'y.

Directors.—Above officers and Alex. Fasken, S. B. Monroe, A. B. Connable, C. S. Campbell, Sir Chas. Gordon, K.C. B.E., R. S. Waldie.

Market Record—

Year	Common High	Common Low	Preferred High	Preferred Low
1916	57	56	..	..
1917	51¾	50	81	78
1918	49	46	78	78
1919	85	51	90	85
1920	130½	81	88	87
1921	102	87¾	87¾	82
1922	88½	80	95	80
1923	92½	83	98	92
1924	100	84	97½	90
1925	111¼	88¾	103½	95
1926 (to date) ..	114⅝	100	106½	100

Production. — 15 tons groundwood pulp, 50 tons sulphite pulp, 110 tons book; writing and other paper, 110 tons daily.

Profit and Loss—

	1920	1921	1922	1923	1924	1925
Net profits	$ 1,248,140	$ 761,395	$ 763,961	$ 503,322	$ 886,768	$ 1,060,304
Interest	28,237	33,550	55,787	92,639	97,963	83,305
Depreciation	200,000	150,000	150,000	230,000	280,000	300,000
Other deduct.	10,000	60,000	70,000	20,000	71,048	90,099
Pref divids.	119,000	119,000	119,000	119,000	119,000	119,000
Com. divids.	257,500	245,000	245,000	210,000	210,000	245,000
Surplus	$ 633,403	$ 153,845	$ 124,174	x$ 168,317	$ 108,757	$ 222,300
% earned com.	27.68	11.39	8.32	10.8	9.10	13.35

xDeficit.

International Paper

In the Midst of a $50,000,000 Expansion Program in Canada Which Includes Large Power Development Projects

During the past year, due to its extensive expansion programme in this country, the Canadian investment interest in the shares of the International Paper Company has widened considerably.

The chief Canadian subsidiaries of the International Paper Company include the Canadian International Paper Company, the New Brunswick International Paper Company, the Gatineau Power Company, the St. John River Power Company.

It is under the aegis of these various wholly owned subsidiaries that the big development projects are at present being carried out in Canada.

In New Brunswick the company has commenced the development of Grand Falls, where 60,000 h.p. will be produced. To use a portion of this power, the company is to erect a newsprint mill in New Brunswick. This mill will probably be designed for an ultimate capacity of 500 tons a day and for an initial output of 250 tons a day.

International Paper is the largest manufacturer of paper in the world, and one of the largest holders of water powers and timber limits in North America. The capacity of its paper mills is more than twice as great as any other company on this continent. Its freehold and leasehold timber limits cover more than 12,000,000 acres, and it owns and operates 22 paper and pulp mills located in Maine, New Hampshire, Vermont, Massachusetts, New York, Louisiana and the provinces of Quebec and Ontario in this country.

Its expansion programme here has already resulted in the doubling of the capacity of its Three Rivers mill to a present output of over 600 tons of newsprint a day. From the old Riordon Company was acquired the Kipawa and Hawkesbury sulphite mills, and the former was extended in capacity from 165 to 250 tons per day. The former is now producing over one half the world's supply of the pulp which is used in the manufacture of rayon.

At East Templeton, on the Gatineau River, a newsprint mill of over 600 tons daily capacity is being built, and three water powers on this river are being developed to an initial capacity of 375,000 h.p. Recently, also, the hydro electric capacity of the plant at Kipawa was increased to 24,000 h.p.

With the completion of this power development programme, the International Paper Company with its subsidiaries will have on this continent a total installed capacity of almost 600,000 h.p., of which 500,000 h.p. will be electric and 100,000 hydraulic.

Heretofore, in New Brunswick, operations have been carried on through two subsidiary companies, which, in addition to their lumber operations, also operate a coal mine.

With the completion of some of its Canadian newsprint mills, no doubt the company will switch the production of some of its newsprint mills in the States into that of high grade papers, or else perhaps some of the smaller mills may cease operating entirely and the power which they formerly used will be re-sold. Thus, International Paper Company is in the midst of a $50,000,000 expansion programme, which in the long run should work out well to the advantage of the shareholders, for in expanding in this country the company is simply following the general economic trend of the newsprint industry. Thus it will be seen that the company will probably carry out further considerable financing from time to time. While the present expansion program in Canada of the International Paper Company is large and includes development of such magnitude as the Gatineau Power Company, the St. John River Power Company and the big new newsprint mill at East Templeton, P.Q., yet even further expansion is planned and, during the next four years, the company will erect yet another pulp and paper development, with which will be coupled a further power development. Plans are in the making for the erection of this further mill on the Quinze River to utilize the company's adjacent valuable water powers and timber reserves.

Properties.—Company and subsidiaries own 24 paper and pulp mills in United States and Canada, having a combined daily capacity of 1,800 tons of various classes of paper now being increased to approximately 2,200 tons.

Production in Canada. — 945 tons groundwood pulp; 785 tons sulphite pulp; 1,280 tons newsprint daily.

Timber Reserves. — At the present time the company and its subsidiaries own in fee in the United States and Canada 1,604,000 acres of timberlands, they have stumpage rights covering 55,000 acres and have 9,069,000 acres of Canadian Crown timber limit leases.

Pulpwood lands owned in fee approximate 6,000,000 cords and on Crown lands 28,000,000 cords.

Capitalization—

	Authorized	Outst'd'g
Common .... (No par value).	750,000 shs.	498,255 shs.
Pref. 7%	$75,000,000	$28,229,500
Pref. 6%	25,000,000	3,590,500

Funded Debt—

Inter. Paper, 1st and refund 5%, due 1947	$18,140,000
Inter. Paper, 6% ref. mtge., due 1955	22,347,000
Bastrop P. & P. 1st mtge. 6½%, due 1940	800,000
Ticonderoga P. & P. ref. mtge., 5%, due 1930....	244,000
Ticonderoga P. & P. mtge., 6%, due 1940	608,500
Riordon P. & P. 1st 6% debs., due 1942	1,474,600
St. Maurice Lumber, 5%, due 1927	25,000
Riordon Purchase Money, mtgs.	605,000
Property Purchase Obligations	900,000
Total funded debt	$45,139,100

Dividend Record—

Initial dividend of 1¾ per cent. paid on seven per cent. pref. July, 1925, regular payments since quarterly, Jan., Apr., July and Oct. 15.

Dividends on six per cent. pref., payable quarterly, Jan., Apr., July and Oct. 15.

Dividends were paid on common as follows: Dec., 1898, one per cent.; 1899, two per cent.; none thereafter until Aug., 1926, when 50 cents a share was paid.

Directors—

Malcolm G. Chace, Allen Curtis, Percy H. Jennings, Chester W. Lyman, Ogden M. Reid, J. R. Macomber, H. Elsas, L. P. Reed, Ogden L. Mills, Albert H. Wiggin, R. Pagenstetcher, A. A. Tilney, F. N. B. Close, A. R. Graustein, H. C. Phipps.

Executive Officers—

A. R. Graustein, pres.; J. L. Fearing, vice-pres.; Allen Curtis, vice-pres.; Chester W. Lyman, vice-pres.; Owen Shepherd, treas.; F. G. Simons, sec'y; B. O. Booth, auditor.

Profit and Loss—

	1920	1921	1922	1923	1924	1925
Total revenue ...	$21,936,236	$ 1,542,642	†$1,047,128	$ 8,074,577	$ 7,815,505	$ 8,212,384
Bond interest	347,340	328,958	962,846	962,799	938,640	2,195,969
Depreciation	2,267,714	2,379,967	2,715,726	3,144,738	3,176,208	3,404,519
Tax reserve	7,015,280	....	....	157,500	xx1,168,000	61,594
Res. for doubt. accts.	250,000	x6,276,607	x2,846,691	....	....	....
Total deductions ..	$ 9,880,334	$ 8,985,532	$ 6,525,263	$ 4,265,037	$ 5,282,848	$ 5,662,082
Less cont. reserve	....	....	....	....	....	1,000,000
Net deductions ..	$ 9,880,334	$ 8,985,532	$ 6,525,263	$ 4,265,037	$ 5,282,848	$ 4,662,082
Balance	$12,055,902	†$7,442,890	†$7,572,391	$ 3,809,540	$ 2,532,657	$ 3,550,301
Pref. dividends ...	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,979,020
Surplus for year..	$10,555,902	†$8,942,89	†$9,072,391	$ 2,309,540	$ 1,032,657	$ 1,571,282
Earning rate:						
On com.	$53,17	....	....	$11.58	$5.16	$1.14
6% pref.	48.56	....	....	15.28	10.13	15.99
7% pref.	....	....	....	....	....	9.03

xInventory adjustment.
†Deficit.
xxIncludes reserve for contingencies.

Machines Swallow More Than 2½ Miles of Wood

Figures, figures, and more figures. Still they come, all indicating the immense size of the pulp and paper industry. But, broadly speaking, the average man cannot visualize the size of a ton of newsprint nor the space occupied by, say, 100 cords of wood.

To picture the size of the industry, therefore, the use of more commonplace and more vivid illustrations becomes necessary. For instance, an ordinary freight car might hold 25 tons of newsprint; every eight or nine minutes one such car would have to be loaded in order to handle the Canadian newsprint output. Averaged througout the length and breadth of the Dominion, more than one carload of newsprint leaves a mill every eight or nine minutes.

The mills use vast quantities of pulpwood. In one year, they use enough wood to stretch in a pile between Halifax and Vancouver; such a pile would be more than 4 ft. high and 4 ft. in length. One modern newsprint machine, producing 120 tons of paper per day, requires the wood from 36 acres of forest land to maintain daily its output. The total daily production in Canada means that trees have to be cut from over 1,600 acres or 2½ square miles of land.

ORIGIN OF PRICE BROTHERS

The origin of the great business of Price Brothers & Co. dates back to the Napoleonic War. At that time, Britain was urgently in need of material and sent a representative to this country to purchase wooden masts for the ships which the Admiralty required. The representative was William Price, then a young man of twenty-one. He came from Elstree. Hertfordshire. After completing his admiralty job, he founded the lumber business which has since grown up into Price Brothers.

BEST GROUP OF STOCKS

Any Canadian who has money for investment has a fairly wide list from which to choose; but which one group of stocks stands out as a coming industry and gives more promise for a long pull than the newsprint group? Probably none. Thus even if present stock prices are high, the investor is almost forced to purchase the papers, and this in some measure accounts for the demand which prevails for the "paper" stocks.

Pulp and Paper Financing

Greenshields & Co. have been identified with the financing of many Canadian pulp and paper companies and have been the medium through which many millions of dollars have been supplied for the upbuilding of Canada's greatest industry.

Greenshields & Co
Montreal: 17 St. John Street
also Mount Royal Hotel Building
TORONTO 14 King Street East
OTTAWA 46 Elgin Street
QUEBEC 80 St. Peter Street

Provincial Paper Mills Limited
Head Office: 56 UNIVERSITY AVE., TORONTO

MANUFACTURING
Book, Writing, Bond and Coated Papers, Sulphite and Groundwood Pulp

Paper Mills at
MILLE ROCHES, ONTARIO THOROLD, ONTARIO
GEORGETOWN, ONTARIO PORT ARTHUR, ONTARIO
Pulp Mill: PORT ARTHUR, ONTARIO
Timber Limits:
2,500 Square Miles. Adjacent to Port Arthur, Ontario
The location of our different mills and timber resources enables the Company to give prompt and efficient service, and assurance of continuity of supply.

GEORGE CHRISTIE CANADA Limited
MAKERS OF
Fourdrinier Machine Wires
With special seams and edges.--Any width up to 240 inches.
Factory: Three Rivers, P.Q.
Head Office: 22 St. Francois Xavier St. Montreal.

NEW PAPER MILL AT THOROLD WILL MAKE SPECIALTIES

Superior Paper Mills Starts Off With Experienced Directorate

Rather interesting as a development in Canada's pulp and paper industry is the establishment, at Thorold, Ontario, of a small specialty paper mill. The men behind the enterprise are a group of people who have spent their entire careers in the pulp and paper industry and have come together to put up a mill for the manufacture, chiefly, of lines of paper not now made in this country and imported from the United States. The new company is called Superior Paper Mills and is now installing machinery in a plant at Thorold, of which the old plant of the Colonial Wood Products is the nucleus.

Men Behind New Company

Superior Paper Mills has been incorporated for the purpose of manufacturing several lines of specialty papers, including pattern tissues, twisting and wrapping tissues, etc., at present not manufactured in Canada and for which there is a large and constantly growing market. The capacity will be 3,000 tons yearly.

The incorporators of the company are well known and successful pulp and paper men, thoroughly trained through many years of practical experience in the manufacturing, financial and merchandising departments of the business.

J. M. Cathcart is president and general manager. He has had thirty years' experience as superintendent and manager of mills, manufacturing all grades of papers, and is recognised as an authority on the manufacturing and colorings of tissue and specialty papers.

J. T. Berhalter, vice-president in charge of sales, has expert sales knowledge, and brings to the company valuable trade connections, built up during many years of merchandising specialty papers.

R. E. Liptrott, secretary-treasurer, has been associated with the Interlake Tissue Mills, Limited, for the past eight years.

E. P. Foley, director, has had over forty years' experience in the manufacture of pulp and paper. He is the inventor of the Foley bleached groundwood process.

B. F. Clark, director, is a production and cost accounting specialist, for many years in general business.

Capitalization Is Simple

Superior Paper Mills has but one class of stock consisting of 2,500 shares of $100 par value, $250,000. There are no bonds or preferred stock.

The initial capital has been provided by the directors, which has enabled the company to purchase the land, construct a modern paper mill and to purchase practically their entire requirements of machinery and equipment.

The company has purchased a mill site consisting of approximately three acres of land situated on the main highway at Thorold, Ont., near the Welland Canada and only two hundred yards from the railroad station.

A modern mill of brick and cement construction has just been completed ready for installation of machinery.

Machinery and Equipment

The company has purchased, and delivery has been made, of practically the entire requirements of machinery and equipment which include one Fourdrinier machine and one cylinder machine, together with several years' supply of spare parts and general mill supplies. Part of this machinery is already installed.

The machinery and supplies have been bought from a Cleveland Plant being dismantled, at an exceptionally low price. The present replacement value of these assets is $125,000.00.

The company's mill is located in the heart of the paper making district of Ontario, assuring an abundant supply of raw material and skilled labor. Transporatation facilities by rail, water and highway are at the door.

Brings Canada New Industry

Superior Paper Mills brings to Canada another important branch of the paper industry. The specialty papers to be manufactured, such as pattern tissue, twisting and wrapping tissues are not at present made in Canada. During the past twelve months over $500,000 worth of these specialty papers were imported and the market is constantly growing. Trade connections have already been established and several tentative long term contracts secured.

With the advantage of location with respect to raw materials, plentiful labor supply, low power cost, taxes and other overhead charges the company is in an excellent position to make substantial profits. The low capitalization of the company will, it is hoped, permit of a very substantial dividend return on the investment.

Of the total authorized capital of $250,000, $200,000 is being issued, of which $50,000 has already been subscribed through the directors, officers and employees of the company. An offering is now being made by the company at the same price and terms at which the directors and others have made their investment, i.e., $100 per share.

Publicity for Canada Needed in Britain

Sir Alfred Mond, in Toronto.

There is a ready market in Britain for responsible enterprises backed by responsible people. In this connection publicity plays an important role. Take the mining industry, for example. We know every move that is made in South Africa. With your enterprises it is a difficult matter. Stocks that are listed here and on the New York market are entirely unknown to us. One of our big men, in Canada some time ago, was asked about Noranda. He had never heard of it. You cannot expect British capital to interest itself in propositions on which they have no definite information, or in a prospectus that is signed by men whose names have never been heard of before. In London we have the pick of the world's investments from which to choose. Naturally, those that are known to be responsible enterprises get the choice.

Anglo-Canadian

Has Begun Work on New Mill to be Completed in 1927

The investment interest in the Anglo-Canadian Pulp and Paper Mills is not large in Canada, for most of the securities were sold in England. Capital requirements came from this country. The company is at present engaged in erecting a mill, located on tide-water, at Quebec, P. Q. The total estimated cost of the construction of the mill is approximately $11,500,000, and it is expected that two paper machines will be producing by the end of 1927 and the remaining two a year later. The ultimate annual capacity of the plant will be 130,000 tons of paper. The company's timber limits are on the Manicouagan River and cover an area of some 2,237 square miles; these are leased from the province of Quebec. The quantity of pulpwood on this area has been estimated at 8,000,000 cords. The company has contracted with the Shawinigan Water and Power Co. for a supply of power for twenty-five years, starting in 1927.

The company holds a contract with some of Lord Rothermere's papers, whereby the British newspaper companies have an option of purchasing annually 41,600 tons of paper at $15 per ton over the cost price to the company.

R. A. McInnis, who until recently was manager of the Abitibi Power and Paper Company's mill has been appointed general manager of the new company.

A portion of the company's timber requirements will probably be supplied by the Gulf Pulp Co.

Capitalization—

	Authorized	Outst'd'g
Common shares No par value)	135,000	135,000
Pref. 7%	$8,000,000	†$7,000,000

†10 per cent. paid up.

Funded Debt—

Guaranteed mortgage debentures, 6½ per cent. £1,800,000.

Officers and Directors—

Lord Rothermere, president; F. W. Clarke, vice-president; Sir H. Holt, Senator S. White, R. C. McMichael, J. Cowley, E. A. Sursham, Hon. E. Harmsworth, F. J. Humphrey.

Crown Willamette

Capitalization—

	Authorized	Outst'd'g
Com.	1,000,000 shs.	1,000,000 shs.
1st Pref. 7%	200,000 shs.	200,000 shs.
2nd Pref. 6%	41,000 shs.	41,000 shs.

(No par value.)

Funded Debt—

First mortgage 6% s.k. gold bonds, due 1951, $20,000,000.

Dividend Record—

First preferred payable quarterly, Jan., Apr., July and Oct. 1; initial quarterly dividend paid Apr. 1, 1926, and July 1, 1926.

Officers and Directors—

W. P. Johnson, chairman of board; L. Bloch, pres.; A. J. Lewthwaite, vice-pres.; A. B. Martin, vice-pres.; F. G. Wight, vice-pres.; F. Schwabacher, vice-pres.; D. J. Goldsmith, sec. and asst. treas.; C. M. Whitney, asst. sec.; C. R. Blyth, H Fleishacker, M. Fleishhacker, C. K. McIntosh, C. A. Morden, H. C. Olcott, E. S. Pillsbury, J. H. Schwabacher.

PACIFIC MILLS
(Controlled by Crown-Willamette Paper Co.)

Capitalization—

	Authorized	Outst'd'g
Common	$7,500,000	$7,500,000
Pref. 6%	2,000,000	1,327,300

(Par $100.)

The Crown-Willamette Paper Co. owns $6,844,787 of the common stock and $820,710 of the preferred stock.

Funded Debt—

First gold 6% bonds, $2,891,500; due annually as follows: $150,000 each, Feb. 1, 1927 to 1930, inclusive; $200,000 each, Feb. 1, 1931 to 1937, inclusive, and $500,000 each, Feb. 1, 1938 to 1943, inclusive.

Second mortgage bonds, dated Aug. 2, 1915, $1,913,500. Authorized and issued $3,000,000, of which $891,500 exchanged for first mortgage bonds described above, and $195,000 matured and paid off to June, 1926.

Officers and Directors—

L. Bloch, chairman of board; A. B. Martin, pres.; A. J. Lewthwaite, vice-pres.; J. H. Lawson, sec.; C. L. Barker, treas.; G. V. Holt, N. F. O'Brien, D. G. Stenstrom, W. J. B. Wilson, W. E. Wintemute.

Profit and Loss—

	1921	1922	1923	1924	1925
Gross earn.	$ 2,599,997	$ 1,851,564	$ 2,308,970	$ 2,381,365	$ 2,379,825
Interest	655,076	616,513	565,277	537,411	491,706
Depreciation	726,944	733,718	731,990	828,931	849,291
Depletion	56,737	25,010	26,215	25,844	19,854
Taxes	306,131	165,898	255,201	248,583	199,457
	1,744,888	1,540,639	1,578,683	1,640,719	1,560,308
Net earn.	$ 855,110	$ 310,925	$ 730,287	$ 740,646	$ 819,516

Anticosti Corp.

New Subsidiary of Wayagamack, Port Alfred and St. Maurice Valley

The Anticosti Corporation was formed in the summer of this year in order to provide a supply of raw materials for the St. Maurice Valley Corporation, the Wayagamack Pulp and Paper Company and the Port Alfred Pulp and Paper Corporation. The last three named companies own all the common stock of the corporation.

The company's fixed assets consist of the complete ownership of the island of Anticosti, except an unimportant acreage which has been ceded to the government for lighthouse purposes. The area of the island amounts to about 3,100 square miles and is approximately one and a half times the area of Prince Edward Island. It is estimated to contain at least fifteen million cords of pulpwood, which have a value of $15,000,000. This island is the most valuable freehold reserve of pulpwood in Eastern Canada.

The three parent companies have entered into an agreement with their subsidiary which provides for the purchase of a definite amount of pulpwood annually, and to pay to the Anticosti Corporation the full amount of its operating expenditures and depreciation charges, plus certain stumpage fees for the pulpwood cut. These minimum stumpage fees are to be paid, whether or not the specified number of cords be taken out or not.

It is thus that both the bond interest and the preferred dividend requirements of the subsidiary company are jointly and severally guaranteed by the three parent organizations. Under the provisions of the contract with the parent companies, the net revenues of the Anticosti Corporation, after operating expenses, depreciation, interest and sinking fund requirements of the first mortgage bond issue, will, during the first two years of the contract, amount to $426.000, and thereafter $498,000 annually. These figures compare with the maximum annual dividend requirements on the preferred shares of $210,000.

One feature of the preference shares in the Anticosti Corporation is the fact that, after January 1, 1935, the corporation will set aside 50 per cent. of the balance of the net earnings, after payment of preferred dividends, as a sinking fund for the preference shares.

Capitalization—

	Authorized	Outst'd'g
Common shares ...	60,000	60,000
(No par value)		
Pref. 7%	$6,000,000	$3,000,000

All of the common shares are owned by the St. Maurice Valley Corporation, Wayagamack Pulp and Paper Co., and Port Alfred Pulp and Paper Corporation.

Funded Debt—

First mortgage 6½%, sinking fund bonds, dated Aug., 1926; due Aug., 1941, $6,000,000.

Officers and Directors—

A. J. Brown, K.C., chairman of the board; G. M. McKee, president; C. R. Whitehead, vice-president; F. Faure, F. I. Ritche, Sir H. S. Holt, J. H. Gundy.

Dividend Record—

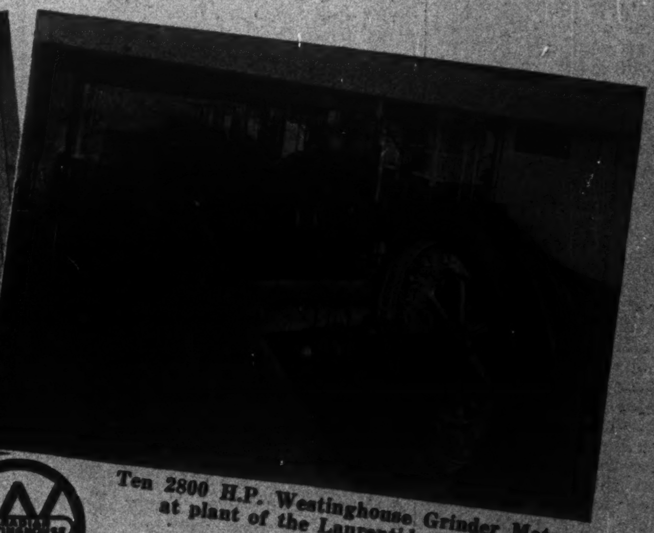
Preferred dividends are payable quarterly, March, June, Sept. and Dec. 1.

How Newsprint Export to U.S.A. Has Increased

The following figures show at a glance the inroads made by Canadian newsprint in the U. S. markets. In the first column are shown the production figures of the United States mills; then follows the imports of Canadian newsprint and finally the Canadian production. The figures quoted are the annual tonnage. It will be noted moreover that in 1913, all but some 130,000 tons which were manufactured in this country did not go to the States. The latter figure supplied the domestic requirements and our foreign markets during the year. In 1925, some 227,000 tons was sufficient to fill both our domestic and overseas markets. So that there has also been some growth in the sales to countries overseas. But it is anticipated that these sales to Europe, South America and Australia will show a somewhat faster growth during the current year than during past years.

Year	U.S. production	Imports from Canada	Canadian production
1913	1,305,000	219,000	350,000
1914	1,283,000	310,000	415,000
1915	1,239,000	368,000	489,000
1916	1,315,000	468,000	608,000
1917	1,359,000	559,000	686,000
1918	1,260,000	581,000	735,000
1919	1,375,000	624,000	808,000
1920	1,512,000	679,000	875,000
1921	1,225,000	657,000	808,000
1922	1,448,000	896,000	1,080,000
1923	1,485,000	1,108,000	1,266,000
1924	1,481,000	1,197,000	1,353,000
1925	1,530,000	1,295,000	1,522,000

Three 1400 H.P. Westinghouse Grinder Motors at plant of Brompton Pulp & Paper Co.



Ten 2800 H.P. Westinghouse Grinder Motors at plant of the Laurentide Paper Co.

Pulp Grinders—Motor Driven

THE Economies of Electrification in the paper industry reach every department of the pulp and paper mill.

Electric motor drive assures the same economy of operation for the machines in the pulp mill as it does for the machines in the paper mill.

Motor-Driven Pulp Grinders may be located anywhere — regardless of the primary source of power.

When power is carried to the units individually, by wire, you secure a flexibility in plant arrangement and operation which can be obtained in no other way.

The load on grinders is subject to wide variations due to refilling the pockets, but this variation is easily overcome, and a constant load maintained, by using Westinghouse regulators which govern the water pressure in the grinder cylinders.

A visit to a Westinghouse motor-driven mill will convince you of the advantages of Westinghouse electric drive. If you are not near a Westinghouse installation, complete information will be mailed upon request.

Close-up View of Motor-Driven Grinder.

A Dependable Source of Power

Westinghouse Motors with Westinghouse Control are a dependable source of motive power for driving conveyors, saws, slitters, barkers, chippers, grinders, screens, and wet machines, all equipment of the modern pulp mill.

Canadian Westinghouse Company, Limited
General Offices - Hamilton, Ontario
Sales Offices and Repair Shops in all Principal Cities

Westinghouse

Market for Newsprint Reviewed for Industry's Investors

What is Outlook Now for Newsprint Stocks?

Thorough Review Which Deals With Past and Reveals the Actual Present Day Position of the Industry as Help in Estimating What Future Holds

What is the exact situation in the newsprint industry? Will prices go up—or down? Will the steady increase in the consumption in the United States keep pace with the large increases planned for this country? These and many other similar questions cannot be answered either "yes" or "no," but a clue to what the future may hold can, perhaps, be best obtained from a thorough survey of the industry itself, and the various extraneous factors which enter into the demand for and consumption of newsprint paper.

A year ago, and two years ago, and, in fact, since its inception, the Canadian newsprint industry has been in practically the same position as it is to-day, namely, one of expansion. The production from this country has been increased during the year to date, more tonnage comes on the market this autumn and large increases for next year are planned. In other words, for many years past, the immediate future of the newsprint industry in Canada has not looked overly bright—yet all admitted its ultimate success. Despite this, however, the industry has forged ahead and the individual companies have rewarded those security holders who had faith in the future. One year and two years ago when the pulp and paper numbers of The Financial Post appeared, prices had been reduced; the minds of investors were disturbed; it was thought that profits and dividends might be cut, and there was the same talk about over-production. The newsprint industry has already come through a year when many prophesied trouble, and has come through it successfully. For the future, there is little doubt that the sound companies will continue to prosper. Thus, even should there be a slight stagnation in consumption, or, rather, it would be better to say, even presuming that consumption does not increase with the rapidity of the increased production of Canadian mills, yet this does not indicate price-cutting nor greatly reduced profits—the most it could mean would be the slowing up of the industry, more especially in the U.S. production, rather than in the Canadian.

A Huge Investment of Capital

The present capacity of the Canadian newsprint mills is well over 6,000 tons daily. The investment per daily ton of newsprint produced is valued at $40,000, and thus the total invested in the newsprint industry in Canada amounted in round figures to $250,000,000. Much of this financing has come from the United States, and a certain amount from Great Britain; the latter is taking a larger interest in the newsprint developments in this country. But a great deal of money also comes from Canadian investors and some companies in Canada number their shareholders well up in the four figures.

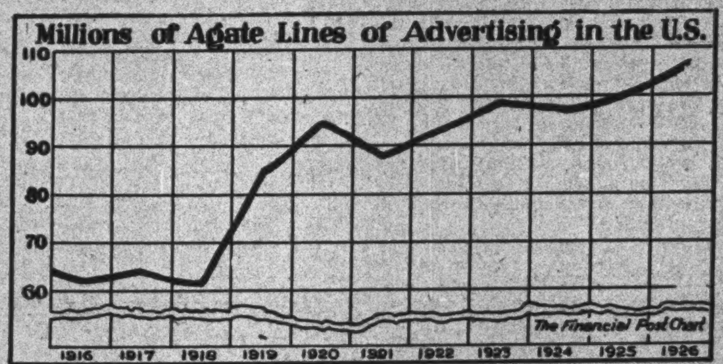
The growth of the industry is due to the growing consumption of the product in Canada and the United States—principally in the United States. It commenced its growth when the United States lifted the tariff wall that had barred our newsprint from that market. The industry experienced its greatest growth during the war and the years that followed, when a great stimulus was given to the reading of newspapers and to advertising. Naturally, the size of any newspaper depends on its advertising; when the advertising doubles its size, the newspaper doubles, or practically doubles, too. During the war period and the prosperous post-war boom, many newspapers trebled and quadrupled their size, as compared with pre-war years. Sunday newspapers sprang up like mushrooms, and often printed 150 or more pages each week. Coupled with this tremendous increase in the reading matter, circulations also moved upwards, and, during the recent boom in Florida there were daily papers which ran anything from 100 to 200 pages each day.

A Vast Amount of Paper Used by Some Dailies

Some indication of the amount of paper consumed in the great business of distributing news may be obtained from the fact that Hearst uses an amount of newsprint paper approximately equivalent to, say, 50 per cent. of the entire Canadian production.

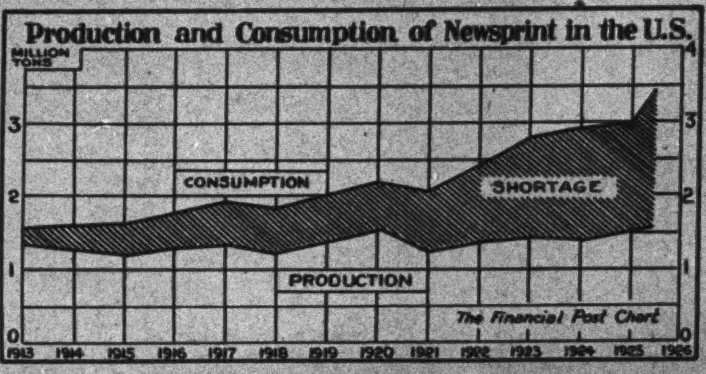
Another American paper alone, the Chicago Tribune, averages in its consumption the production of several of our smaller Canadian mills and is at present engaged in expanding its output of newsprint in this country.

Possibly the chief factor which gave the impetus to advertising in the States after 1917 was the rapidly increasing earnings of many companies. It was felt inadvisable to show too large profits because of the large tax burden at that time, and, consequently, many companies proceeded to spend their money in any way which might prove profitable in the long run. It was felt that one of the best ways to do this was by advertising. But this advertising proved its worth, and, as companies learned the value of publicity, they took care not to reduce—or to reduce by as little as possible—their advertising appropriations. Of course, the advertising fell off during the big slump of 1920-21, but it did not slump to anything like the degree experienced in general business, and to-day in the United States the volume of advertising in the periodicals is larger than ever before. The story is better told by the following chart, which traces the actual space used in a large number of leading newspapers and predominant periodicals over the past ten years:



The foregoing chart shows that, while advertising fell off in 1921, the drop was in no way comparable to the general trend in the business level, for business men in the States had learned the value of speeding up the flow of goods through the use of what the advertising man knows as "white space."

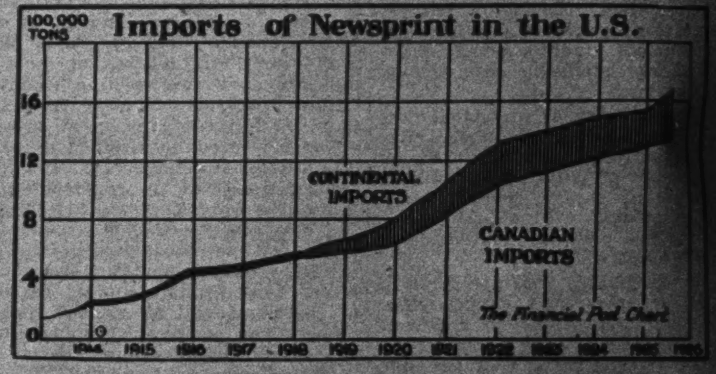
By 1914, American newsprint mills were just about keeping up with the demand for their output—they were slightly below it. These mills did not increase their production, because they had reached the practical end of their forest resources. If new machines were added, the output of these machines came into competition with the Canadian manufacturers, who were floating their own logs from their nearby timber limits to mills and direct from the mills, either by rail or by water, to American newspapers. This brought about the keenest kind of competition for the producers in the United States. Many of them were face to face with the alternative of either purchasing their wood from this country or of building plants in Canada adjacent to our forests. Many adopted the latter policy; the most outstanding example of this, of course, is the International Paper Company.



From 1914 until to-day, the American production of newsprint has only increased some 30,000 tons per month. But between 1914 and to-day, consumption of newsprint has gone ahead by leaps and bounds in the States. This is graphically shown in another chart. The figures of consumption year by year and the figures of production are shown on the same graph. Thus, the shaded area shows the shortage between consumption and production in that country. It will be seen that, as the years have rolled by, the shortage has grown in size. Incidentally, it is interesting to see the way the lines showing consumption and production appear to be curving away from each other, so that, as far as can be judged from the past, the tendency for the future will be a greater increase year by year in this shortage. It can be taken for granted, speaking broadly, that American mills cost more to operate than Canadian, so that it can be seen that the economic trend of the industry is toward Canada. Over a year ago, the president of the International Paper Company, A. R. Graustein, definitely stated that it was the intention of his company to decrease its production in the States and increase its production in Canada. The production figures in the United States most certainly have not fallen off this year, but this has been due to the fact that consumption has mounted even a little faster than the immense increase in output.

Future Imports Will Come Mostly from Canada

The foregoing chart shows the shortage of newsprint in the United States. The next graph shows how this shortage has been met. Some of this shortage has come from European manufacturers, but, broadly speaking, most of it is filled by imports from this country. For the future, in the main, the business will principally come from Canada, because, in the first instance, newsprint can be made as cheaply in this country as in any place in the world, and, secondly, because of the availability of that market for our mills. In 1913 the United States imported 147,479 tons of newsprint. In the previous ten years, the annual imports only totalled 1,348,638 tons. Of the latter figure, only 153,000 tons came from other than Canadian manufacturers. On the chart which follows, the white space represents imports from Canada, whilst the thick black line and shaded portion show the imports from Europe. It will be seen that the ratio between Canadian and Continental imports is, to all intents and purposes, as large now as it was over ten years ago.



From the foregoing, it can be seen that Canada has an ever-widening market for newsprint across the southern border. Again, it is to be noted that Lord Rothermere is at present engaged in erecting a mill near Quebec, which is to supply his British papers, and Lord Beaverbrook has publicly announced that he proposes to buy only Canadian newsprint for his papers. Thus, there seems little doubt of a broader market for Canadian newsprint on the Continent.

Again, since the conclusion of the Australian trade treaty, the Pacific coast mills especially, have been shipping more newsprint to that continent.

Broadly speaking, of course, Canada depends on the United States to purchase its newsprint, but in the years to come, perhaps, a larger portion of the output may find its market elsewhere.

One year ago, Canada and the United States were running neck and neck in newsprint production. But to-day the latter has been completely outpaced. The next chart shows the long climb to a position in which Canada first threatened, then equalled, and now has finally sur-

(Continued on page 35)

St. Lawrence Paper Mills
Limited

THE St. Lawrence Paper Mills is a self contained newsprint plant located at Three Rivers, P.Q.; the company produces all its own groundwood and sulphite pulp requirements and was designed at its inception to admit the growth which has taken place in its output over the past few years.

The daily production from the plant is 160 tons of newsprint paper. Before the beginning of 1927, the present capacity will have been doubled and the output going on the market will total 325 tons daily.

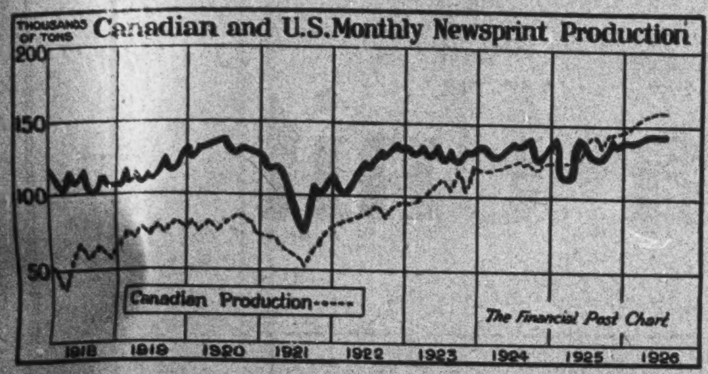
Sales Subsidiary:
St. Lawrence Sales Co. Limited
Montreal, Three Rivers and New York

Head Office:
Canada Cement Building
Montreal

What is Outlook Now for Newsprint Stocks?

(Continued from page 34)

passed the original United States leadership. The monthly production in each country is indicated in the two lines in the chart. The dotted line is the Canadian, whilst the black is the American.

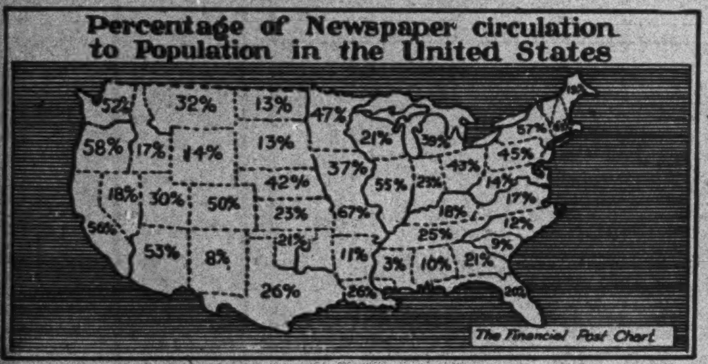


The chief features of the foregoing graph are the facts that Canada is now definitely ahead in newsprint production and that over many years the industry has shown a large growth annually.

To revert for a moment to the question of markets. The annual increase in consumption in the United States during this year is expected to be at the rate of between 125,000 and 150,000 tons. European imports into the States are expected to decline. This decline in European exports has been due to the increased demand abroad, which has been subnormal for several years. Canadian exports to South America are also expected to increase.

Again, it is important to remember that it is physically impossible for all new mills to operate at 100 per cent. of their rated capacity immediately upon their completion. The percentage ranges from around 70 per cent. to perhaps 90 per cent. and, in order to reach full capacity the machines require many months of careful tuning. Thus additional tonnage will be produced considerably slower than the figures of projected increases indicate.

Now as to actual consumption in the United States, where, on an annual per capita basis, newsprint consumption has grown from four pounds in 1860 to 16 pounds in 1900, and 50 pounds in 1924. Between 1913 and 1925 newsprint consumption in the States increased by 95 per cent., and from 1920 to 1925 the consumption increased by 33 per cent. This growth appears to be normal. In the first place, there is a natural increase in the population of around 2,000,000 per annum. Secondly, newspaper circulation is very far from the saturation point in the United States, as will be seen in the following graph, which shows the percentage of newspaper circulation to population by states:



In the foregoing, it will be seen that the greatest consumption of newsprint occurs in Massachusetts and Missouri, with 83 and 67 per cent., respectively, whilst New Mexico and Mississippi only have an 8 and 3 per cent. consumption, respectively. Of course, it can never be expected that those states with a large negro population can ever consume as much newsprint per capita, as say, Massachusetts, but, on the other hand, there are a number of northern states in which the consumption can, and probably will, be increased.

And now about the price of newsprint. When prices first started soaring during the war, our newsprint mills were able to build themselves up into a fine working capital position. After the war, newsprint soared still further, and even reached, at one time, $130 a ton. This, however, was only for small lots of paper. During this period, still further strength was woven into the balance sheets, and excellent reserves were put away for less prosperous days. When the slump finally did come at the close of 1920, the mills were well entrenched and stood the shock well. Naturally, the prices of their securities also slumped, but they have come back and have reached a normal level. Newsprint prices settled down to $70, and later went to $65 a ton; at either of these prices the Canadian mills can earn nice dividends, especially when they are operated at maximum capacity.

At the beginning of 1926, there were many people who figured that the Canadian mills would have their profits materially reduced by the $5 cut in price. But the proof of the pudding is in the eating, and the balance sheets which have made their appearance covering the current year show no sign of any real reduction in profits. This fine showing has been made by increased economy and efficiency in the mills, coupled with the fact that there has been a much stronger demand for newsprint during the present year than in 1925. Consumption has followed right along on the heels of production; thus, all plants were enabled to turn out paper at their maximum speed, and this has been reflected in reduced operating costs.

Very Little Chance of Lower Prices for Newsprint

Is there any chance of newsprint going lower than $65? It seems highly improbable, for, in the first place, the publishers themselves in the United States are anxious to avoid price-cutting, as they, in turn, might be asked to lower their advertising and circulation rates. Furthermore, even presuming that, in the event of a big business recession in the States, consumption fell off and the price of newsprint was slashed to $60 a ton, it could only last a short time, for many of the mills in the States would be forced to close their doors, and thus the production would be automaticaly reduced, and, following the laws of supply and demand, prices would soon mount upward. But the general impression amongst those in, and closely associated with the industry is that the price of $65 a ton will at least be maintained, and possibly bettered, in 1927.

But, to return to the story of the industry in Canada. Previous to 1920, new mills continued to spring up in this country, and, of course, consumption of newsprint also moved upward, but not as rapidly as the increased production from the new mills on this continent. By the beginning of 1924 a situtaion was reached where it became apparent that more newsprint would soon be produced than could be satisfactorily absorbed. The normal increase in newsprint consumption on this continent is about 6 to 8 per cent a year. The average increase over twenty-five years was about 7 per cent. But production increased 24 per cent. in 1922, and another 9 per cent. in 1923. Even so, the inrcease was not much greater than the normal, when considered over a longer term of years. It was just sufficient, however, to cause some temporary difficulty. The result was that the mills agreed to slow down their production temporarily. But some of the mills declined to slow down their machines, and this created a surplus supply and prices at the end of 1924 began to sag.

Consumption Seems to be Increasing Faster

Toward the close of 1925 it was said there were many mills selling at a cut rate. It is significant that there are no such rumors in circulation to-day.

Up to the beginning of 1922, it is significant that the average increase in consumption over twenty-five years amounted to about 7 per cent. per annum. Since that date, the average has jumped much higher, and for the first seven months of the present year, the increase amounted to about 16 per cent. However, although the annual output of this continent has shown a bigger increase during the past four years than before, this may not be quite as bearish a fact as is sometimes stated, for, of recent years, what with the great growth of peculiar publications, such as the "Tabloid Press," the publishers are tapping a much wider audience of newspaper readers.

The last chart shows the movement of newsprint prices. Although the graph shows prices going up or down step by step, this is not what usually occurs in practice. It takes some time for a new level of prices to be established, and then, if prices are falling, one or two mills will begin to sell below the market, until finally all the mills are selling at the same rate. However, the chart gives a good idea of the various changes in price.

Gross profits in the financial statements of the companies whose year concludes at the end of December may, perhaps, show a very slight decline, as compared with 1925. But they may show no decline, for the mills have been able to get their expenses down in many directions—for instance, the fact that they have been operating full tilt all year. Again, wages have also been falling for some years now. In the past, too, many companies have been making capital expenditures out of yearly earnings, and, in this way, have greatly improved their balance sheet position.

There should be no worry over the ultimate future of the Canadian newsprint industry. Judging from the record of the past and the undoubted economic advantages which we have here, there should generally be a waiting market for Canadian newsprint.

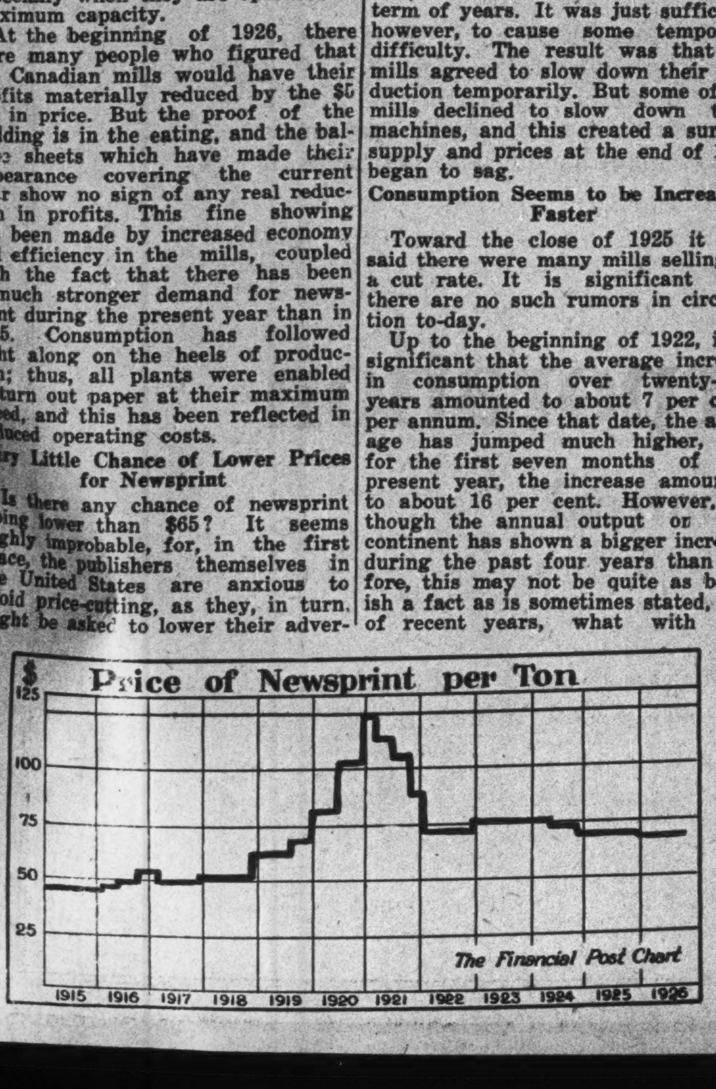
Canada has many advantages over U.S. for manufacture. These important considerations must not be forgotten: that Canada has cheaper water power and more abundant wood supplies than the United States and that while the American newsprint industry has reached practically the limit of its advance, the Canadian newsprint industry has raw materials for greater progress.

That Canadian mills, because of their natural advantages, can produce newsprint paper more cheaply than the average American mills, and in competition for business are able to win out for this reason.

That Canadian mills are more modern that the American mills, and in fact many of the American mills are to all intents and purposes obsolete, and are being converted into fine paper and power plants. This all tends to relieve the over-production situation and to clear the markets for Canadian newsprint.

That newsprint use in Canada and the United States is steadily growing and this broader increase must be looked at in preference to the possibility of a temporary over-production.

All of this being true, the newsprint stocks measure up to the investment standard demanded of them, and in view of the basically strong position of the industry as a whole, provide one of the best outlets for funds for investment in Canada.



Daily Output Newsprint Mills

Canada	Tons
Abitibi Power and Paper	513
Bathurst	65
Beaver Wood Fibre	65
J. R. Booth	156
Brompton Pulp and Paper	119
Canadian International Paper	650
Canada Paper	44
Donnacona Paper	230
E. B. Eddy	150
Ft. Francis Pulp and Paper	163
Fort William Paper	150
Kenora Paper Mills	100
Laurentide	390
News Pulp and Paper	35
Ontario Paper	315
Pacific Mills	245
Port Alfred Pulp and Paper	200
Powell River	250
Price Bros.	740
St. Lawrence Paper Mills	150
St. Maurice Valley	650
Spanish River Pulp and Paper	711
Wayagamack Pulp and Paper	200
	6,291
Newfoundland	
Anglo-Newfoundland Development	270
Newfoundland Power and Paper	400
	670
Mexico	
Fabrico de Paper	50
United States	
Alexandria Paper Co.	47
Algonquin Paper Co.	95
Cliff Paper Co.	41
Consolidated Water P. & P. Co.	329
Crown-Williamette Paper	417
Cushnoc Paper Co.	65
De Grasse Paper Co.	180
Escanaba Paper Co.	120
Finch, Pruyn & Co.	141
Fyambeau Paper Co.	44
Gilman Paper Co.	54
Gould Paper Co.	97
Grandfather Falls Co.	34
Great Northern Paper Co.	829
Great Western Paper Co.	63
Hawley Pulp & Paper Co.	30
Hennepin Paper Co.	38
High Falls Pulp & Paper	25
Inland Empire Paper Co.	95
International Paper Co.	1,041
Itasca Paper Co.	71
Manistique Pulp & Paper	63
Minnesota & Ontario Paper Co.	246
Nekoosa-Edwards Paper Co.	32
Northwest Paper Co.	45
Oswegatchie Paper Co.	53
Oswego Falls Corporation	36
Peiapscot Paper Co.	131
St. Croix Paper Co.	178
St. George Paper Co.	31
St. Regis Paper Co.	371
Sherman Paper Co.	53
Tidewater Paper Mills Co.	104
Washington Pulp & Paper Corp.	146
Watab Paper Co.	56
Waterway Paper Products Co.	44
West End Paper Co.	43
Wisconsin River Paper & Pulp Co.	80
	5568

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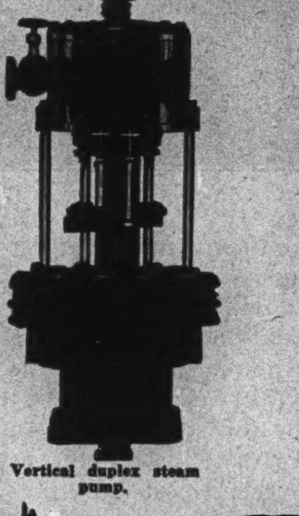
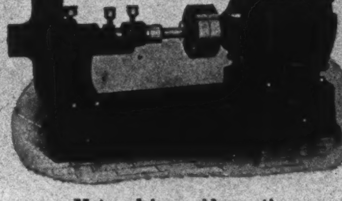
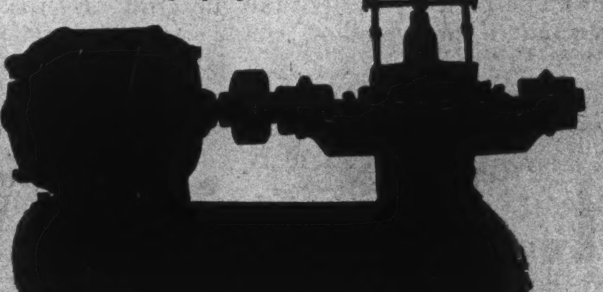
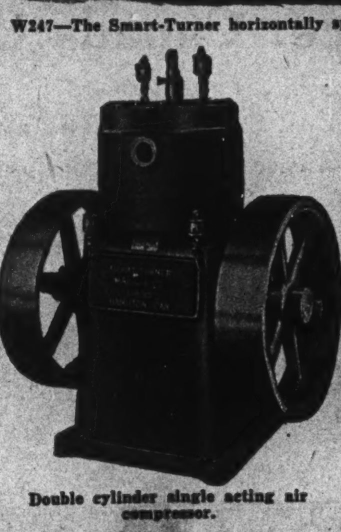
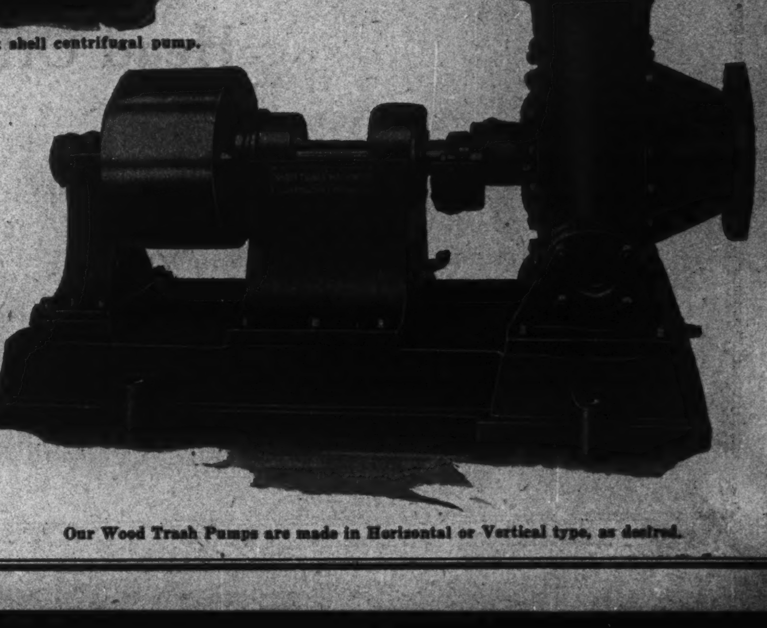

Vertical duplex steam pump.


Motor driven side suction centrifugal pump.

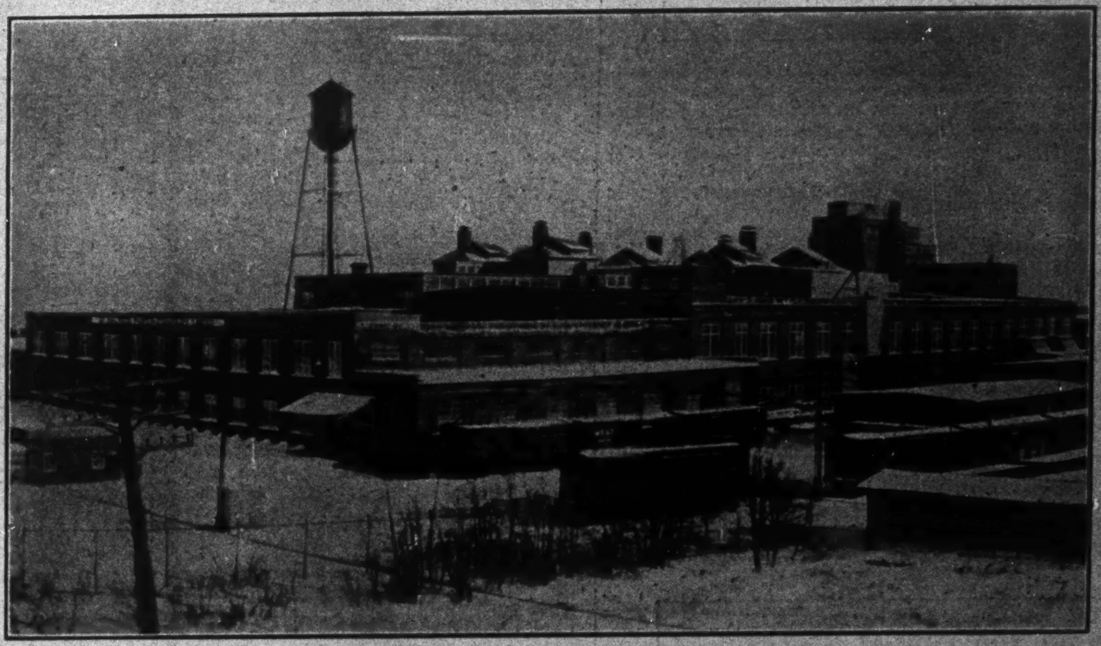

W247—The Smart-Turner horizontally split shell centrifugal pump.

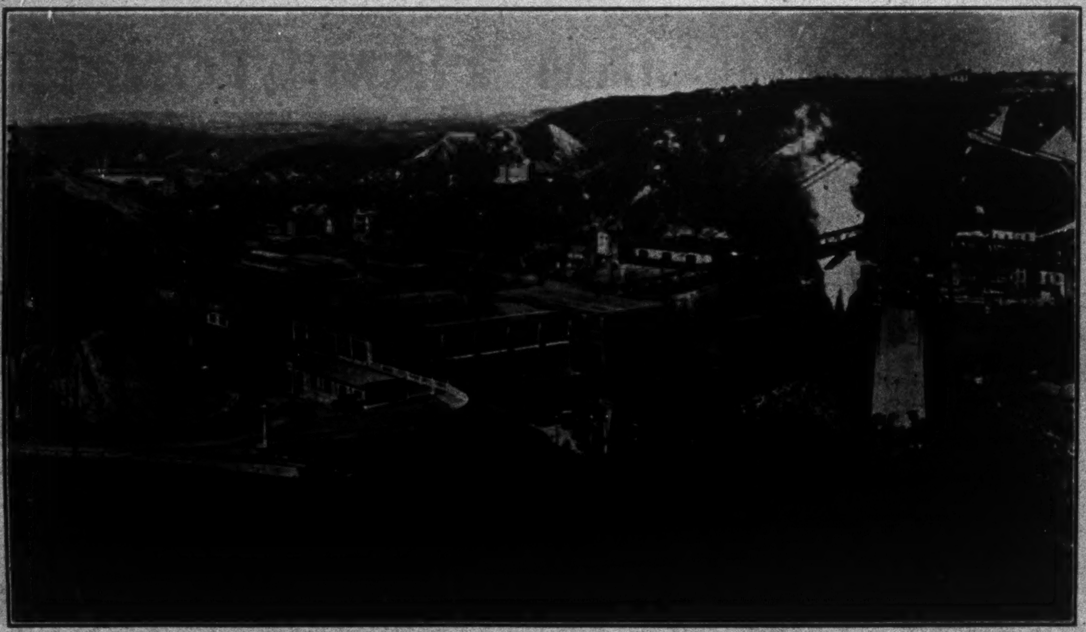

Double cylinder single acting air compressor.


Our Wood Trash Pumps are made in Horizontal or Vertical type, as desired.

Now Operating as a Unit

On the right is the Three Rivers plant of the St. Maurice Valley Corporation which daily produces 265 tons of newsprint and 65 tons of sulphate pulp. This mill is located on tidewater at the junction of the St. Maurice River and the St. Lawrence; logs from the timber reserves float down the St. Maurice and ocean going vessels carry part of the production to world markets. The output of this mill has always enjoyed an enviable reputation among newsprint customers.





On the left is the Belgo Canadian mill of the St. Maurice Valley Corporation; it is situated at Shawinigan Falls, P.Q. The present production is 400 tons of newsprint daily—by 1927, extensions now in progress will have increased the output to 600 tons daily. The new addition to the plant is at the lower end of the mill which is situated on sloping ground. Thus gravity is used to move the pulpwood from the time it enters the mill until it emerges as a roll of newsprint.

THE St. Maurice Valley Corporation is the outcome of the largest merger of paper companies in Canada. The corporation operates two mills: one at Three Rivers, P.Q., with a daily capacity of 265 tons of newsprint and 65 tons of sulphate pulp, and one at Shawinigan Falls, P.Q., with a daily output of 400 tons of newsprint. Thus the daily production of the corporation totals 665 tons of newsprint and 65 tons of sulphate pulp. But the capacity of the mill at Shawinigan Falls is being increased by 200 tons daily; so, by the end of 1926, the newsprint production will total 865 tons daily—the largest daily production of any Canadian paper company.

The two component mills of the St. Maurice Valley Corporation have a record of extending over many years of successful operation and have built up a recognized reputation for their output of paper among buyers. The corporation owns, also, one-third of the common stock of the Anticosti Corporation and in addition owns large tracts of timberlands situated on the watersheds of the St. Maurice River and its tributaries. From the island of Anticosti and from its own limits, the corporation has a perpetual supply of raw material. By the unification of the management of the two plants, many savings in operations have been accomplished. The two plants are situated less than 20 miles apart.

The Belgo Canadian Paper Company

The plant at Shawinigan Falls is owned by a subsidiary company, the Belgo Canadian Paper Company; over 90 per cent. of the common stock of the latter is owned by the St. Maurice Valley Corporation. Thus it has been possible to operate both plants as a unit. The Belgo Canadian Paper Company, like the parent organization, has favorable contracts for the supply of power, but in addition also purchases at an extremely reasonable rate 16,000 hydraulic horsepower under a perpetually renewable contract. By the end of 1926, the daily output from the Belgo Canadian Company's mill at Shawinigan Falls will amount to 600 tons of newsprint.

While the Belgo Canadian plant has all the necessary facilities for shipments by rail, the Three Rivers plant of the St. Maurice Valley Corporation also has the advantage of water transportation for lake or ocean routes. Thus the Shawinigan Falls plant handles rail paper shipments only and the Three Rivers' plant handles any shipments of newsprint which go forward by water.

The St. Maurice Valley Corporation

Head Office: Canada Cement Building, Montreal

The management:

The officers and directors of the St. Maurice Valley Corporation are as follows:

M. B. WALLACE, *Chairman of Board,* SIR HERBERT S. HOLT, *President.* G. H. MONTGOMERY, K.C. FRANCIS FAURE E. B. MURRAY
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GROWTH IN U.S. PAPER USE HAS BEEN GIGANTIC

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CONSUMPTION TOLD

U.S. Puts Paper to More Uses Than Any Other Nation in the World

Possibly the greatest single advance which the paper industry has ever made was the adoption of power in the manufacturing process. This occurred in 1850. The next radical departure in the industry occurred in 1869, when wood was first used largely as a raw product. Between that date and the present time, the growth in the use of paper has done a little better than keep pace with the growth of the United States which changed from a comparatively insignificant country to the largest, and possibly one of the most highly organized countries in the world.

The United States has put paper to more uses than any country in the world, and in its per capita consumption of this commodity it ranks far ahead of all other nations. The per capita consumption figures by countries follow:

Russia	13	pounds
Japan	16	"
Norway	33	"
Germany	45	"
Great Britain	75	"
United States	150	"

May Find More Markets

Even presuming that the United States should not continue to expand its paper consumption, judging from these figures, it appears that there is immense room for expansion elsewhere in the world—the Canadian pulp and paper industry can compete in overseas markets, and, with the growing use of paper overseas, should be able to even improve the excellent position in which it is to-day.

As the U.S. is the greatest customer for Canada's pulp and paper it is significant that if consumption in that country continues at the same rate as it has done in the past, there will be a consumption by 1950 of 350 pounds of paper a year for every man, woman and child in the States.

U. S. the Consumer

Since 1875, the U.S. has been the largest consumer and largest manufacturer of paper in the world. But Canada is catching up, and in newsprint production has already surpassed that of the United States. As the United States uses well over [illegible] per cent. of the world's paper, it can be seen that Canada is in an exceptionally favored position to meet that country's needs.

Parenthetically, it is rather interesting to note that at the time of the American revolutionary war there was not enough paper to be had to wad the guns, or for the officers to write their orders on. By 1810, the use there had increased to about 1 pound per capita, and 40 years later it had grown to between 8 and 9 pounds. At the time of the Civil War consumption grew to 25 pounds, and at the beginning of the present century to 57 pounds per capita. This mounted in 1923, the last year for which the figures are available, to 150 pounds per head per annum. This year, Canadians and Americans together consumed more than their own weight in paper.

Newsprint Goes in Free

The United States has a tariff on all grades of paper with the exception of newsprint; consequently newsprint is manufactured here, and sent into U.S. markets, whereas other forms of paper which are used in the United States are either made entirely from raw material available in that country or else composed of a portion of Canadian sulphite, sulphate and groundwood pulp. It is interesting to see in the following figures that of the various grades of paper used in the United States, 21 per cent. of the total consists of newsprint; thus the finished product manufactured in Canada plays a large part in the total paper consumption of the States. The figures following show a consumption by per cent. of the various grades of paper in the U.S.:

Board	31	per cent
Newsprint	21	per cent.
Book	15	per cent.
Wrapping	14	per cent.
Fine writing	5	per cent.
Tissue	2	per cent.
Hanging	1	per cent.
All others	11	per cent.
Total	100	

Growth Will Continue

There seems no reason to doubt that the use of paper in the States will continue to show a growth—perhaps not so large as in the past, but nevertheless of a material magnitude.

To-day, more paper drinking cups, more paper towels, paper milk bottles, paper oyster cans, and similar products are being used daily.

There are a hundred and one uses to which paper is being put that are but in their infancy. First of all, the demand for paperboard will show a growth in keeping with present development of modern merchandising. But again, there are such products as cellophane, a transparent paper used for wrapping candy and other boxed goods; paper for electrical insulations, fibre board for trunks and suit cases, wall board, hanging paper, roofing paper, paper shingles, carpet paper, and all the large group which may be included under the one name of papier mache. The uses to which all these are being placed is showing a steady growth.

During the war, Germany developed paper cloth, paper shoes, paper hose, paper shirts, paper collars, paper handkerchiefs and paper napkins; they answered the purpose, but lacked the durability necessary to withstand repeated washing. No doubt, however, as the years go by the manufacture of these or similar commodities will be perfected and thus the specialized uses of paper will continue to grow.

The future developments in the newspaper field in the States provide an interesting line of conjecture. For instance, what is to be the outcome? Here are the papers, on the one hand, getting fewer, whilst, on the other hand, advertising is increasing. Thus individual papers and periodicals continue to increase the size of their editions.

As far as the reader of the magazine is concerned, for the future, he should obtain more and better reading material, that is, as far as fiction goes, anyway.

This probably means that the Americans will continue to have fewer and fewer magazines—the leader in each special field will gradually gain in size and prestige until his competitors are forced out. Probably one of the most startling examples of this is the Ladies' Home Journal, which to-day is so large and so powerful that it probably exercises more influence with the women of the United States that any other one factor. To-day, the Ladies' Home Journal can get American women to do just as it says—except, of course, where their instincts are run counter to by some editorial policy. This last is exemplified by the fact that the Ladies' Home Journal put on a campaign to stop the sale of aigrettes and pointed out to American women that wherever an aigrette was purchased a mother bird had to be killed and naturally the young ones died. However, the womanly instinct of bedecking the person in gaudy clothes was not to be overcome, and unfortunately, the sale of aigrettes went up by leaps and bounds due to the Journal's publicity.

However, this is beside the point, which seems to be that although periodicals will decrease in numbers, yet the amount of paper consumed will show an increase due to the better reading matter in those journals which survive.

Sky-line of a Canadian pulp and paper city, Hull, P.Q.

Building Products

Capitalization—

	Authorized	Outst'd'g
Common "A"	$450,000	$450,000
Common "B" (Non voting)	648,600	633,800
Preferred	750,000	743,200

Funded Debt—
None.

Dividend Record—
Initial quarterly dividend of 1¾ per cent. paid on preferred stock Jan., 1926; regular payments since.

No dividends on class "A" and "B" common stock.

Officers and Directors—
H. Abraham, chairman of board; P. R. Allen, president; H. C. Bonney, W. R. McNeil, A. E. Ames, C. P. Cowan, J. Webber, vice-presidents; H. E. Davenport, secretary; R. C. Crooker, treas.

Profit and Loss—

	1925
Oper. profits	$89,206
Div. and int. of constituent cos.	35,994
Balance	$53,212
Pref. div.	13,006
Surplus	$40,206

MANITOBA EXPECTS SECOND PAPER PLANT

Capitalists Investigate Possibilities for Another Mill— Manitoba Paper Mill Going Up

Manitoba's pulp and paper possibilities are emphasized by the recent announcement of a definite move for the establishment of a second big pulp and paper mill in northern Manitoba, in connection with which a general development scheme that will involve a total investment of approximately $15,000,000.

With the Manitoba Paper mill at Fort Alexander nearing completion; with a third pulp and paper plant in the north on the industrial horizon; with new industries being established in Winnipeg and many existing plants adapting themselves to the manufacture of new lines of goods, the industrial future of the city and province is extremely bright, according to J. M. Davidson, secretary of the Industrial Development Board of Manitoba.

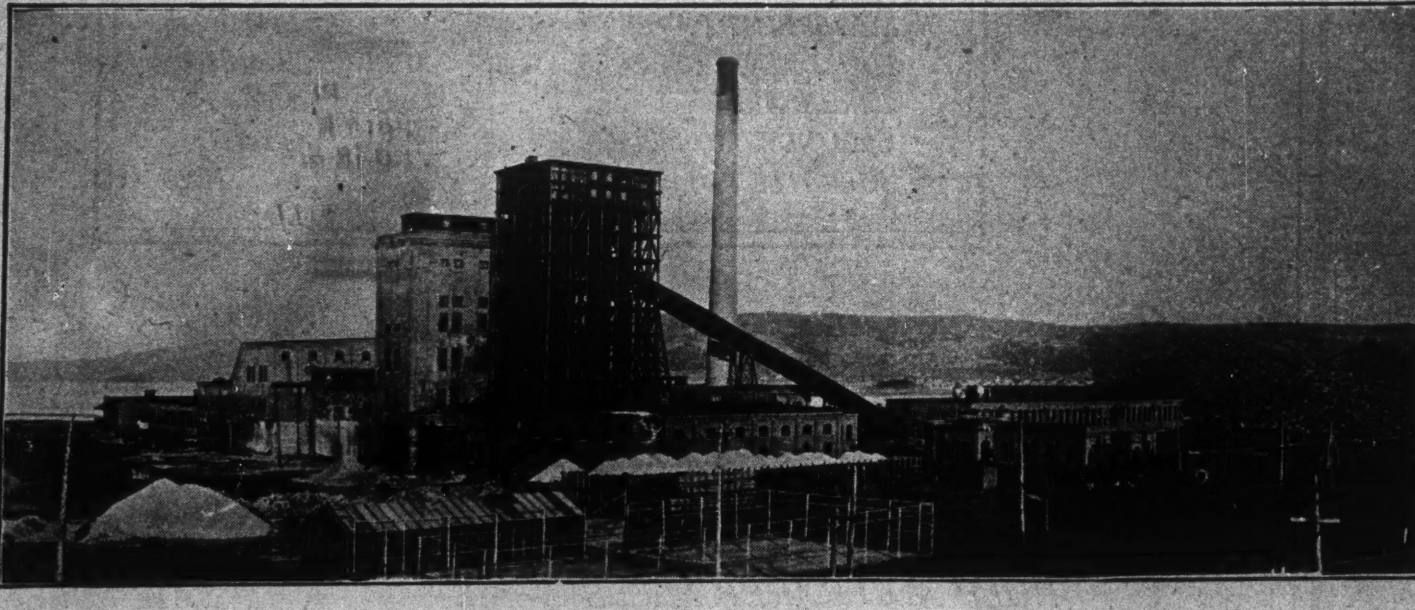
Transportation Difficulties

The pulp mill and general development enterprise is backed by eastern capital, and a start will be made with it once difficulties in connection with transportation have been removed. To facilitate their removal the Industrial Development Board has sent engineers and surveyors into the territory that has been selected as the sphere of operations of the company. These experts are now on the scene, and will report upon their work in due course.

Both the Canadian Pacific and the Canadian National Railways have been approached by the interests behind the big proposition with a view to providing transportation facilities, but neither, it is understood, has taken definite action pending receipt of the reports by the board's engineers and surveyors.

The territory in question has not been thoroughly explored by Dominion surveyors, according to Mr. Davidson, but it has been ascertained from what exploration has been done that there is a great amount of pulpwood to justify the erection of a large plant and that there are great possibilities in the way of agricultural development. It is in a different section of the country from that which will be developed by the Manitoba Pulp and Paper Co., whose plant at Fort Alexander will go into operation shortly and give a huge boost to Manitoba's industrial output.

It has been estimated that our total yearly forest depletion is between 2½ and 3 billion cubic feet of standing timber, while probably a like amount is destroyed each year by fire, insects, fungi and similar agents.



THE large sulphite plant of the Port Alfred Pulp and Paper Corporation, at Port Alfred, P.Q., at the headwaters of the Saguenay River. Beside this plant, a newsprint mill with a daily production of 400 tons is just being completed—two newsprint machines with a capacity of 200 tons daily are already in operation.

The mills are situated on deep water; shipments during seven months of the year are often made from the company's wharves direct to the consumers situated along the eastern seaboard of the United States.

THE Port Alfred Pulp and Paper Corporation is one of the largest Canadian producers of sulphite pulp; it has an output of 160 tons of sulphite daily and is presently engaged in increasing the capacity of its newsprint mills to 400 tons a day. The mills are located at Port Alfred, P.Q., on the Saguenay River and both the sulphite and newsprint plants have been erected in accordance with the best modern practise.

The present capacity is contracted for at favorable prices and the company has long been recognized as one of the low cost producers of the Dominion. Adequate power is supplied at favorable rates from the Duke-Price power development.

The present newsprint capacity of the plants is 200 tons daily; the additional two machines, which will bring the newsprint production up to 400 tons daily will both be operating by December, 1926. The first of these two machines begins operating next month. The company owns one-third of the common stock of the Anticosti Corporation.

The officers and directors of the Port Alfred Pulp and Paper Corporation are as follows:

SIR HERBERT S. HOLT, *Chairman of Board of Directors.*
R. O. SWEEZEY, *Vice-President.*
E. A. MACNUTT.
C. E. TASCHEREAU, N.P.
GEORGE M. MCKEE, *President.*
A. CROSS, *Vice-President.*
J. H. GUNDY.

The
Port Alfred Pulp and Paper Corporation
Head Office: Canada Cement Building, Montreal

BOOK AND OTHER HIGH GRADE PAPER EXPORTS INCREASE

Domestic Market Small and Highly Competitive—Suggest Tariff

The book paper and writing paper mills in this country are handicapped, first of all by the small domestic market and the difficulties of obtaining a strong foot-hold in foreign markets, coupled with the fact that there is such a tremendous flow of American publications into this country. However, the present year finds the companies engaged in this branch of the industry experiencing better business.

It would undoubtedly prove of great benefit to this branch of the pulp and paper trade, should a protective tariff ever be established on foreign magazines, and on the flow of printed advertising matter to this country. For some time now, the printers and publishers of Canada have had this matter in hand, and have been putting up to the government the need for a protective tariff. Whether anything along these lines will ever be accomplished, of course, remains in the hands of the high gods, or rather, it would be better to say, the politicians, who are far from being high gods.

The trend in this branch of the industry depends mostly on the growth of the domestic market, but strides have been made in capturing some foreign markets.

The years 1924 and 1925 were but indifferent years for this branch of the industry. However, the manufacturers of high grade paper have gone hard at the foreign markets, and the result of their labors is seen in the improved showing in the export figures, which follow:

Book Paper Exports—

	cwts.	
1926 (6 months) ..	24,821	$216,000
1925	47,765	434,693
1924	22,874	189,113
1923	49,318	345,956
1922	31,695	225,710
1921	34,167	444,628
1920	58,768	628,118

Bond and Writing Paper Exports—

	cwts.	
1926 (6 months) ..	9,764	$ 72,963
1925	12,371	102,039
1924	19,939	209,364
1923	23,222	240,535
1922	12,228	132,980
1921	23,698	411,083
1920	55,788	800,037

Dryden Paper

Appears to Have Finally Turned the Corner—Business Has Improved

The sale of wrapping paper has always been the profitable end of the Dryden Paper Co.'s business and losses have been caused largely through the necessity of selling sulphate pulp at a low price in world markets. Dryden must sell most of its wrapping paper in Canada, which absorbs, of course, but a limited amount of paper. In selling abroad, the company has to compete with seaboard mills, which naturally are more favorably located for such trade. Sales cannot be made in the United States because of the high rate of duty on wrapping paper.

The company is at present operating under what might be termed a "friendly" receivership, and those who are looking after the interests of the security holders are men who rank as leaders in the paper industry and who will eventually bring success out of the operations, if it be humanly possible.

The company supplies paper chiefly to the Western Canada market, where naturally it has many advantages over its eastern competitors, through lower freight rates. Thus, during the past year, due to the improved situation in Western Canada, it has experienced materially better business—but this does not indicate that there is any chance of the company passing out of the hands of the receiver for some time, as there will have to be an even greater improvement in earnings before this can occur.

For the two years up to September 30, 1925, the company experienced a loss on operations, after providing for fixed charges. But since that date conditions have improved materially, and operations are being carried on at a net profit, after providing for all fixed charges.

The directors of the company this year advised the shareholders that they would be wise in retaining their stock in the hope that further improvements in this particular branch of the paper industry might be experienced.

Whatever operating profits the company is making at the present time will eventually be applied to the liquidation of its indebtedness and its bond interest in default.

Thus, the company seems to have turned the corner and, if present conditions are maintained and possibly bettered, probably the next year or two will witness Dryden's reorganization.

Capitalization—

	Authorized	Outst'd'g
Stock	100,000 shs.	100,000 shs.
(No par value.)		

Funded Debt—

First lien notes, 6%, Dryden Pulp & Paper, due 1928, $304,000.

Debenture stock, 6%, due 1945, $1,100,000.

Dividend Record—

No dividends paid.

Officers and Directors—

W. A. Black, pres.; F. A. Sabbaton, vice-pres.; J. H. A. Acer, R. Bell, J. N. Greenshields, K. C. D. McLachlin, F. Perry, Hon. L. Webster, G. Chahoon, Jr.; H. Humphreys, J. M. Black, asst. sec.-treas.; J. S. Wilson, gen. mgr.

Provinces Receive $12,000,000 Yearly

The direct revenue received by the Federal and Provincial Governments from their forests in the form of rentals, royalties, stumpage charges, etc., amounts to $12,000,000 annually. In addition, the wood-using industries contribute through property, income, business, customs and other taxes a large proportion of municipal, provincial and federal revenues.

The standing timber in Canada is estimated to be worth over three billion dollars, nearly one-half of which will be paid over to the governments if the asset is preserved.

For generations past, the forests of Canada have borne more than their just burden in supporting public expenditures. As a result, they have been severely depleted. They cannot longer stand the exorbitant drain caused by extravagant use and entirely inadequate protection.

Canadian Paperboard and Northern Paperboard

Companies Finding a Larger Demand for Cardboard—Earnings Increase

About six months ago, the Canadian Paperboard Co. made an offering of $300,000 in 7 per cent., cumulative, preference shares to investors. The purpose of this financing was to liquidate capital expenditures made at the company's Frankford and Montreal mills and for general corporate purposes.

The Canadian Paperboard Co. is the largest producer in Canada of paperboard, container board, and allied products. It produces 25 per cent. of the requirements of the Canadian trade. As far as the outlook for the future of the company is concerned, it is perhaps significant that the per capita consumption of paperboard in this country is only 20 pounds per annum, as against 40 pounds in the United States. Thus, it seems logical to expect an expansion in the company's markets. Plants are located at Frankford and Campbellford, Ont., and at Montreal; these have a daily output of 155 tons of paperboard. The company employs 300 men.

The company owns all the preferred and common shares of the Quinte and Trent Valley Power Co., which, about eight months ago completed the construction of two hydro electric power plants at Campbellford and Frankford, with a present capacity of 4,000 h.p. The ultimate installation in these plants will be 6,000 h.p. This purchase of power from its own subsidiary will be reflected in the company's income account this year through reduced operating costs.

The Canadian Paperboard Co., in turn, is a subsidiary of, and is controlled by the Northern Paperboard Co., which is incorporated under a Dominion charter and is owned by Canadians. This parent company also owns all the outstanding capital stock of the Tidewater Paperboard Co., which operates a large modern paperboard and container-board mill at Norwich, Conn. The latter company is making very satisfactory progress. More than 80 per cent. of the common stock of the Canadian paperboard is owned by the parent company.

One of the features of the Canadian Paperboard Co. is the fact that the supply of its raw materials is steadily increasing, as over 85 per cent. of the raw materials used in the plants consists of waste paper.

Paperboard is made by a process similar to that of paper, but the pulp runs more slowly through the machines and a thicker product is produced. The 15 per cent. of the raw material which is not composed of waste paper is groundwood pulp—this, the company makes itself. This year, the demand for cardboard, both here and in the U. S., has increased substantial with a resultant benefit to the Canadian Paperboard Co. and also the Northern Paperboard Co. The past three months are understood to be the best which the Canadian company has yet experienced.

Capitalization—

	Authorized	Outst'd'g
Common	$2,100,500	$2,100,500
Pref. 7%	1,000,000	300,000
(Shares, $100 each.)		

Funded Debt—

First mortgage, 7% bonds, due 1937, $705,300.

Dividend Record—

On preferred 7% per annum, payable quarterly, Jan., Apr., July, and Oct. 1. First dividend paid July 1, 1926.

On common 3% was paid Sept., 1924, none since.

Officers and Directors—

J. G. G. Kerry, pres.; J. R. Walker, vice-pres.; J. A. O'Brien, Hon. E. D. Smith, J. A. Rougvie, J. Kerry, D. F. Robertson, gen. mgr.; C. E. Whitten, sec.-treas.

Profit and Loss—

Year end. June 30th	1924	1925
Gross sales	$1,667,975	$1,540,697
Other income ...	22,165	29,683
	$1,690,140	$1,570,380
Cost of goods, including deprec.	1,468,686	1,371,940
Expenses	102,621	92,498
Interest and taxes	43,063	68,270
Net profits	$ 75,770	$ 37,672
Bal. forward ...	31,131	106,901
	$ 106,901	$ 144,573
Dividends for 1924	—	63,015
	$ 106,901	$ 81,558

Rate Earned—

On common	3.60%	1.79%

St. Lawrence Paper

Is Just Completing Large Expansion Program Which Already Shows Itself in Bettered Earnings

Just less than a year ago, the St. Lawrence Paper Mills completed and put into operation a sulphite pulp mill of the most modern design and construction, having a capacity of 100 tons daily. Previously, the company had purchased its sulphite pulp requirements.

Any surplus production from this new sulphite mill not used in the company's own output of newsprint is sold to the Wayagamack Pulp and Paper Company. The result of this increase in production has been clearly demonstrated in the last annual income account of the company.

At the present time, further expansion is under way; the newsprint output is being doubled. Thus, this autumn, the production will consist of 300 tons of newsprint and 100 tons of sulphite; most of the latter will be utilized in the manufacture of the newsprint.

To complete the extension in its newsprint plant, extensive financing plans were undertaken and completed this spring. An increase in the capital stock was authorized and the old outstanding bond issues were redeemed, to be replaced by new mortgage issues. It is planned to complete the newsprint extension by next month.

The company has an excellent management and was originally organized by Noah H. Timmins and his associates of the Hollinger Mine. The company's export sales are handled by the St. Maurice Sales Corporation.

The expansion programme has, of course, been made possible by the increased capitalization, but such increase has not been proportionate to the increasing output. Thus eventually the shareholders will benefit. The common shares are closely held and the company's outlook for the future excellent.

Capitalization—

	Authorized	Outst'd'g
Com. no par value	100,000	50,000
8% pref. cum. ...	2,500.000	$2,500,000

Funded Debt—

First mtge 6%, series "A," due 1946 .... $6,500,000

Sink. fund mtge. debentures 6½%, due 1936 2,000,000

All of company's series "A" and "B" first mortgage bonds, due respectively Mar., 1944, and Sept., 1945, have been retired.

Dividend Record—

Preferred dividends of 4% were paid Aug. 10, 1924; Jan. 15, 1925, 12% in payment of all dividends in arrears; 2% quarterly thereafter.

Officers and Directors—

N. A. Timmins, president; D. Breakey, E. Rossiter, vice-presidents; J. I. Rankin, secretary; Colin Breakey, A. K. Cameron, A. J. Nesbitt, A. M. Creighton, assistant treasurer; J. E. Steele, assistant secretary.

Profit and Loss—

Year end. June 30	1925	1926
Profits	$868,469	*$969,695
Depreciation	$271,265	$332,618
Bond interest	162,265	192,774
Deb. interest	....	8,408
Tax reserve	45,433	....
Net income	$389,270	$435,893
Pref. dividends ...	200,000	200,000
Surplus	$189,270	$235,893
Prev. surplus	162,296	351,567
P. & L. bal.	$351,566	$587,460

* After tax.

In Canada there are approximately 160 different species and varieties of plants reaching tree size. Only thirty-one of these are coniferous, but the wood of these forms 80 p.c. of our standing timber and 95 p.c. of our sawn lumber. While the actual number of species of deciduous-leaved trees seems large in comparison to their commercial importance, out of a total of some 90 species and varieties, only four or five are worthy of comparison with the conifers.

Mistassini Power

To Erect a Paper and Power Development in Lake St. John District

The Mistassini Power & Paper Co. has been organized with a Quebec charter, and has taken over the timber limit and two water powers which were recently purchased from the government of the province of Quebec by Leaside Engineering Co., of Leaside, Ontario. The Mistassini Co. will proceed to erect a complete newsprint paper mill of a capacity of 200 tons per day in the Lake St. John district and will develop its water powers immediately. As much of the construction as possible will be carried on this year, and the entire construction will be completed next year.

E. A. Wallberg is the president and principal owner of both Leaside Engineering Co., and Mistassini Power & Paper Co., Ltd. All the capital in both companies is Canadian and the company will have no affiliations with any other paper company either Canadian or American.

The general manager of the company is John Stadler, one of the best known engineers and manufacturers in the paper line.

Kenogami Mill. Output 510 tons daily.

NEWSPRINT PAPER
FOURDRINIER SPECIALTIES
CARDBOARD
GROUNDWOOD PULP
SULPHITE PULP

PULPWOOD
SPRUCE LUMBER
CEDAR SHINGLES
LATHS
TIES

PRICE BROTHERS & CO., LIMITED
QUEBEC - CANADA

PULP AND PAPER MILLS
KENOGAMI
RIVERBEND
JONQUIERE

SAW MILLS
SOUTH AND NORTH SHORES ST. LAWRENCE AND SAGUENAY RIVERS

CABLE ADDRESS: "PRICE"
CODES: A.B.C. & LIEBERS

Riverbend Mill. Initial output 200 tons daily. Ultimate output 400 tons daily.

WHY EMBARGO or EXPORT TAX?

Advocates of the latter urge it as an alternative or compromise to outright Embargo but intend that it shall, in effect, produce the same result.

Informed Canadian Citizens count the cost of either, as applied to Pulpwood, prohibitive—based on these convincing facts!

1. One rigid, cast-iron policy for all Canada would not meet the varying conditions in the different Provinces.
2. Either, would prevent free competition, and are therefore economically unsound.
3. Either would legislate AGAINST one class FOR another class in a particularly insidious manner.
4. Either would reduce the value of Freehold Woodlands
5. Either would destroy the market for poplar.
6. In Eastern Canada, lumbering and pulpwood operations are relatively the same and are equally profitable to the district in which they are carried on.
7. Pulpwood operations utilize more of the tree, leave less waste, reduce fire-risk, and are more favourable to Forest Conservation.
8. Lumbering is a DECLINING industry in Eastern Canada; the Pulpwood Industry is, on the contrary, a RAPIDLY RISING one. Why then discriminate so unreasonably against Pulpwood?
9. The rights of Private Ownership, in this as in all other instances, must be protected according to British tradition and principle.
10. Embargo or Export Tax would surely destroy a profitable market for Pulpwood. The idea that either would force American Mills into Canada is the merest hypothesis—a will-o'-the-wisp—a lure—the sugar-coating that disguises a pill which once taken means millions in profits to the wealthy Canadian Paper Mill Owner and corresponding millions in loss to the small independent woodlot owner.

Patriotism in Embargo or Export Tax is Conspicuous by its Absence

The Facts Prove it—Study Them

For further information write or mail coupon to

Canadian Pulpwood Association
P. O. Box 1081 Halifax Nova Scotia

An organization of Canadian Citizens and Companies engaged in the production of Pulpwood which believes in the right of its members to sell their product in the best markets of the world.

Canadian
Pulpwood
Association

P.O. Box 1081,
Halifax, N.S.

Please send me **free**, Brief on Embargo and Export Tax.

Name ....

Address ....

What Is Real Situation of Our Forest Reserves?

Position Bad, and Well Known Forester Says Present Forests Can be Made to Meet Demand Only if Proper Forestry Methods be Applied

What is the real situation of the forest reserves of the Dominion? Has this country denuded its timberlands to such extent that both the pulp and paper and timber industry are in danger? If so, what of the future, asks the layman who, perhaps, because there has been so much said about the exploitation of the forests and the need for maintaining proper timber reserves, has become a little befogged as to the real situation in this country.

Here is the position in which the Dominion finds itself to-day:

Only 27 per cent. of the original forest wealth is now left. Of the 73 per cent. which has gone, only 13 per cent. has been cut, whilst 60 per cent. has chiefly gone up in the smoke of forest fires. A small portion of the latter figure has, however, been destroyed to make way for agriculture.

Shortly, very shortly, Canada will be dependent, not on virgin forests for its forest industry, but on the annual current increment of its forests and unfortunately very little is really known about the rate of natural growth in this country.

The forest wealth — the capital of our industries—is being depleted at the rate of some 3 per cent. per annum, whilst the actual regrowth of the forests is not more than one half of this figure. Probably the annual growth amounts to about 1 per cent.

Pays But Small Insurance

A conservative stumpage value of the Canadian forests is over $6,000,000,000. But only less than $3,000,000 annually is being spent to protect this asset. Less than ¼ of 1 per cent.

If our forests are properly handled, they can probably be made to meet the demands which are likely to be made upon them—but only if proper steps are taken immediately.

Forest engineers have stated and reiterated these facts, but, as ever, the man in the street is slow to take the advice of the experts, who, when all is said and done, are the only ones who really know the situation. Unfortunately it may yet be some time before public opinion is so aroused that they will not allow any government to live which does not take an active part in ensuring the life of the forests.

Within the past ten years, some of the provincial governments have made great strides in the matter of taking care of the future of their timberlands. But what has already been accomplished to date has not been brought about by pressure from the voters, but by the good sense of the governments themselves.

Before the last annual meeting of the pulp and paper association, Roland D. Craig of the Forestry Branch of the Department of the interior, presented a paper on this topic which sums up the situation well. In part he said:

Supply of Pulpwood

The estimates prepared by the Pulpwood Commission which were based on the best available data, show a total stand of the species ordinarily used for pulp of 1418 million cords, but of this only 630 million cords is considered accessible. This amount would supply our present cut of 4,650,000 cords of pulpwood for 135 years which would give ample time for the renewal of the supply.

Unfortunately several other factors which materially alter the situation, must be considered in our calculations. This estimate includes 194 million cords of poplar and Jack pine, very little of which is now used in Canadian mills, and it is unlikely that more than one half of this will be used for pulp. Some new sources of supply now considered inaccessible will undoubtedly be opened up, but taking all these into consideration, there is probably not more than 600 million cords of usable pulpwood in sight if we disregard the natural increment.

The total annual depletion of the pulpwood resources may be estimated to be over twenty million cords. If this continues our present merchantable stand will be used up in less than thirty years, which is too short rotation, even for pulpwood. One is not justified from the data available, to make any definite prediction as to the length of time our supplies will last, but it is evident that the situation is sufficiently serious to demand that immediate steps be taken towards the rehabilitation of our forest capital which has become depleted beyond the limit of safety. Up to the present time we have been living on our capital and squandering it with reckless abandon. I estimate that only 27 per cent. of our original forest wealth is left, 3 per cent. has been cut for use and 60 per cent. destroyed, chiefly by fire but in part to make way for agriculture. The forests have been exploited entirely for immediate profits and no thought of permanency of production has influenced the methods employed.

To Depend on Increment

It is evident too, that before long we will be dependent, not on virgin stands, but on current increment. We know very little about the rate of growth in Canada and it seems to me that this is one point on which every company which counts on continuing in business should have at least some idea. It is not a very difficult matter to take growth data in connection with a forest survey and it should be included.

We are depleting our capital at the rate of over three per cent. per annum and I do not think that the most optimistic forester would claim that the growth under the present methods of management would be more than one half or one third of that.

The question then is how are we going to meet our future requirements? We do not want to curtail utilization, for the forest industries are most important factors in the internal and external trade of the country. Serious consideration should be given, however, to the danger of too great an extension, at least in some parts of the country. We cannot expect much decrease in the use of pulpwood species for lumber, for with the exhaustion of the pine, the tendency will be to use more spruce and balsam. In spite of the general decrease in lumber production in Eastern Canada, there has been very little change in the cut of these species for lumber during the past 17 years.

If we cannot reduce our cut we should reduce the waste. The losses from forest fires are a disgrace to the people of Canada. At present we are spending about $2,850,000 annually to protect a property, which on a very conservative stumpage value is worth $6,170,000,000, not allowing for the value of young growth. This amounts to less than 25c. per $100. Considering the value of the forests to practically every industry in the country, this sum is far from adequate. Though much progress has been made, it is doubtful whether the increase in the personnel and equipment for forest protection has more than kept pace with the increased hazards due to the extension of logging and settlement and the increased recreational use of the forest. As a matter of fact the area of merchandise timber burned during the five year, 1920-24, is practically the same as in 1918-22.

No Reduction by Insects

The entomologists and pathologists do not hold out much hope of reducing our losses from insects and decay through direct control, but look chiefly to improved silvicultural conditions to promote the general health of the forests and shorten the rotation in order to effect a reduction in the loss from these causes.

One place where we can economize is in the logging operations. According to the United States Forest Service calculations it takes 117 cubic feet of standing timber to make one cord of pulpwood containing 90 cubic feet of used wood. This means that for every cord 27 cubic feet is left in tops and stumps. This is a much closer utilization than in the lumber industry, where 62 per cent. of the tree is wasted, but there is still room for improvement in the pulpwood operations.

On the other hand, we must expect increased demands for pulpwood. The United States cut of pulpwood has increased only 512,538 cords since 1909, whereas during the last 17 years, our cut has increased at an average rate of 210,000 cords per annum. During the last two years our production has been above normal trend of increase, and with the new mills and extensions under way, there is every indication that for the next few years the increase will be accellerated. If we continue the average trend of the past 17 years, our cut in 1930 will be 5,750,000 cords and in 1940, 7,850,000 cords.

Can Meet Demands

Canada is fortunate in having more than sufficient forest land to meet any demands which are likely to be made on them, if they are properly handled. About 1,200,000 square miles is primarily forest land and of this about one half is so located that the timber can be economically grown and utilized. An annual increment of only 7 cubic feet per acre on this accessible area would supply our present industrial and domestic requirements. Fifteen cubic feet per acre should leave a sufficient margin for unavoidable loss from fire, insects, and disease. Twenty-five cubic feet per annum would allow for a very large increase in our consumption. To show that this is not impossible, even over large areas, I would quote Mr. Fraser Story's figures for Europe. In Northern European countries the average annual yield is 21 cubic feet per acre, in the central countries 37, in the western countries 41 and in the southern countries 21.7 cubic feet, the average for all of Europe being 28.2 cubic feet per acre. Individual countries, of course, grow more timber than the average. For instance, France produces 44 cubic feet, Germany 50, Hungary 55 and Denmark 60 cubic feet.

Forests Are Recuperative

The growing conditions at least in British Columbia and the southern portion of the eastern provinces where most of our 600,000 square miles of accessible forest land is located, are equal if not superior to those in Europe.

Aside from decreasing our consumption and waste, the one other means of meeting the requirements of this growing industry is to increase the increment in the forest. The forests of Canada have wonderful recuperative powers in spite of the use and misuse of which they have been subjected. There are thousands of square miles throughout the country on which valuable young growth has become established, but there is just as large an area, perhaps larger, on which the reproduction is far from satisfactory and in many areas where there is sufficient natural reproduction, the growth is being retarded by overcrowding or suppressed by weed species.

We burn annually about 1,300,000 acres of young growth, and each repeated fire, aside from the direct damage it does, reduces the productivity of the soil and the chances of new stands becoming established, especially of softwoods. If we take twenty-five years as the average age of the young growth burned, that is the equivalent to destroying the annual increment on twenty-five times the area, or 32,500,000 acres. Since such a large proportion of the timber now classed as merchantable is in mature virgin stands in which mortality equals growth and net increment can be expected only from the burned over and cut over areas, there is no doubt that the new growth is far short of depletion.

Silviculture the Remedy

The only remedy for this situation lies in the practice of silviculture. We have disturbed nature's equilibrium by cutting and fire, and though no doubt, if left to herself, nature would re-establish the climax type after several centuries, we cannot wait for that.

The practice of silviculture may vary from highly intensive management on specially well located and productive areas to very extensive systems applied to large areas. Very intensive methods are, of course, impracticable as applied to the whole of our forest area, but it is quite feasible to place our more accessible forest lands under a form of management which would greatly stimulate the production of the more desirable kinds of wood. Lord Lovat made the statement when in Canada that with the application of silvicultural methods to one-third of our timberland area, we could produce twice as much timber as we are producing to-day.

Work Done by Pulp and Paper Association

One of the very important factors in the progress made by the pulp and paper industry of Canada is the Canadian Pulp and Paper Association. This organization was formed in 1914 and began to function in a small way, but has grown steadily until it is now an important influence, not only industrially, but in other aspects of Canadian life. The Association is spending nearly $30,000 a year on research work with the object of finding ways of more efficient and complete utilization of our forests, and in the investigation of the fundamental characteristics of cellulose which is the basic material of the paper industry, besides $6,000 for research work in connection with the conservation and management of timberlands. The Association contributed more than $25,000 toward the preparation of a series of five volumes of textbooks on the Manufacture of Pulp and Paper, and has committees supervising the two Canadian Institutions giving instruction, the one by correspondence, and the other in the classroom, on Pulp and Paper Manufacture. Members of these committees also provide lectures to the students at the Universities of McGill and Toronto.

Instead of doing nothing because of our inability to tackle the whole problem, we should concentrate our efforts on the most readily accessible areas and the simplest problems. Forest reserves and pulp lands offer the best opportunities at present for the practical application of silviculture.

Should Keep Reserves

Out of a total forest area of 775,000 square miles in Eastern Canada there is in the St. Lawrence and Atlantic drainage areas at least 100,000,000 acres so situated that a reasonable degree of protection and some measure of silvicultural management could be applied, and where the climatic and soil conditions are such that at least half a cord, or 50 cubic feet, per acre per annum might be grown, yielding five billion cubic feet annually. The total cut of wood in Canada for all purposes, including fuel, in 1923 was only 2,670 million cubic feet, and in the eastern provinces about 1,920 million cubic feet, so that this latter amount could be produced in perpetuity on 40 million acres.

If Ontario and Quebec would each set aside 25,000 square miles, New Brunswick 8,000 square miles and Nova Scotia 4,000 square miles, and actually practiced silviculture on these areas, these provinces could maintain their present production and have all the timber which is produced on the remaining 713,000 square miles as a reserve for expansion. Ontario already has 22,813 square miles in parks and is establishing large forest reserves. This is a good beginning, but simply withdrawing these lands from settlement is not going to solve the problem of the future timber supply unless they are made to produce the maximum yield of the kinds of wood required.

As a matter of fact several pulp companies have already started, at least in an experimental way to manage their forests for continuous yield.

Reasons for Failure

The reasons that more has not been accomplished, says Mr. Craig, are four in number: To date timber has been too plentiful; there has been too much information about the stock on hand and not enough about the rate of growth; the present system of leaseholds or other forms of tenure have not been such as to encourage the lease holders to practice silviculture and lastly the specialization of our forest industries has resulted in little co-operation as yet between the various interests who take out only one or two types of wood.

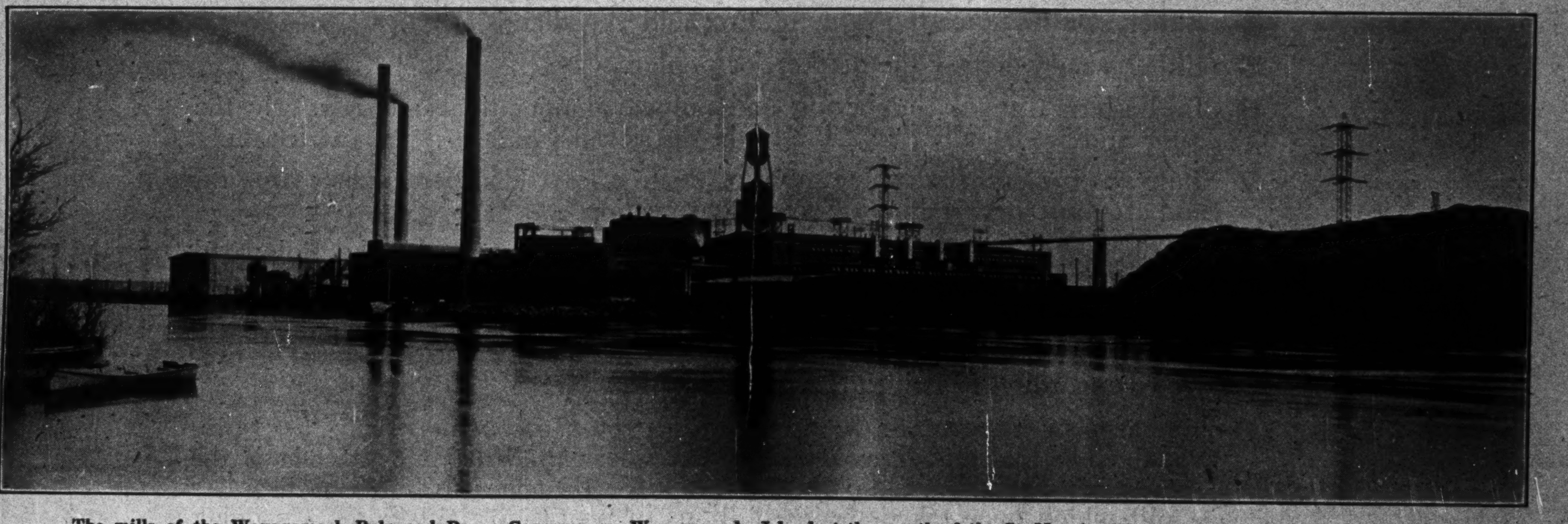
On the question of whether the practice of silviculture will pay or not, Mr. Craig says:

Whenever forestry or silviculture is discussed emphasis is always placed on the necessity of making it pay, and we are told that it is necessary for us to show in dollars and cents that any expense added to the present operations will be returned with compound interest. This is not always easy to do but it is possible to show that unless provision is made, and made now, for succeeding crops, many of the industries depending on the forest will in a comparatively short time be forced to shut down. It is the choice of silviculture or extinction. The question is, how much are they willing to pay for continued life. If the financiers who control the policy of these industries gave the same consideration to the woods end of the business as they do to the manufacturing end, they would insist on the creation of a forest sinking fund to provide for the future. In other words, replacement would be as important a part of their operations as cutting.

Companies Do Better

But several pulp and paper companies have prepared working plans and are arranging their operations on the basis of improved if not perfect silviculture. I might mention one company working in black spruce which is practising the closest possible utilization, thereby increasing the amount of wood secured by 30 per cent. and leaving the ground in better condition for reproduction. Another company is cutting the older age classes first and leaving seed trees sufficient to restock the area with spruce. One has successfully inaugurated a very intensive system of silviculture involving artificial reproduction on an area sufficient to supply a considerable proportion of the requirements of the plant. Several companies have established nurseries and are trying various methods of cutting to secure natural reproduction.

It is not to be expected that the refinements in silviculture, which it took a century or more to develop in Europe, can be put into practice in a few years in Canada, where conditions of supplies, markets and population are very different, but we can claim, I think, that the foundations are being laid for more effective efforts in placing our forests on a permanent productive basis.



The mills of the Wayagamack Pulp and Paper Company on Wayagamack Island at the mouth of the St. Maurice River where it joins the St. Lawrence.

THE Wayagamack Pulp and Paper Company is the largest producer of sulphate pulp in the world; through a wholly owned subsidiary, the Wayagamack News, it also produces 200 tons of newsprint daily. The daily production of wrapping paper is 125 tons, and of sulphate pulp, 260 tons.

Both the newsprint and kraft mills are situated on Wayagamack Island at the junction of the St. Maurice and the St. Lawrence rivers. The company's export trade is playing an increasingly important part in its output of wrapping paper; more and more of the sulphate production is gradually being manufactured into wrapping paper. About 66 per cent. of the total output of wrapping paper goes to foreign markets. The sulphate pulp is sold in the U.S. markets at present.

Another subsidiary is the Anticosti Corporation in which Wayagamack owns one-third of the common stock. This, together with the company's St. Maurice, Portneuf and Gaspe timber limits, assures a supply of raw material in perpetuity.

The Wayagamack Pulp and Paper Company operates under the following officers and directors:

Officers

C. R. WHITEHEAD, President and General Manager
JAMES W. PYKE, Vice-President.
F. I. RITCHIE, Manager.
GEORGE HENDERSON, Comptroller.
D. L. ADAMS, Secretary-Treasurer.
R. COLLINS, General Superintendent.

Directors

C. R. WHITEHEAD, J. W. PYKE, HUGH MACKAY, K.C., G. H. DUGGAN, ALEX. MACLAREN, N. J. DAWES, J. F. TAYLOR.

Wayagamack Pulp & Paper Company
Limited
Three Rivers - P.Q.

St. Maurice Valley

Owns and Operates Belgo Canadian Company — Record of Two Predecessor Companies Has Been Such as to Inspire Confidence in New Merger Company

The St. Maurice Valley Corporation was formed this year, and acquired outright the St. Maurice Paper Company. At the same time it acquired also practically all the outstanding common stock of the Belgo-Canadian Paper Company.

Thus, the St. Maurice Valley Corporation operates two plants: that formerly belonging to the St. Maurice Paper Company and the plant of the Belgo-Canadian Company. The capacity of the latter is being increased by 200 tons a day. Two new machines are being installed; the installation of the first machine began about a month ago and it is expected to be producing by the end of October. The second machine will come into operation by the end of the year. At this date, the total output of the corporation will amount to 850 tons daily.

To finance the merger of these two companies in the St. Maurice Valley, about three or four months ago, two public offerings were made, one of first mortgage bonds, and one of preferred shares in the new St. Maurice Valley Corporation.

Jointly with the Port Alfred Pulp and Paper Corporation and the Wayagamack Pulp and Paper Company, the St. Maurice Valley Corporation owns all the common stock of the Anticosti Corporation. This company owns and operates the island of Anticosti as a timber reserve for the three companies by which it is owned. The Anticosti Corporation is dealt with elsewhere in this issue.

The past record of both companies which now compose the St. Maurice Valley Corporation was excellent. The old St. Maurice plant is located at Three Rivers, and the river at this plant is deep enough to accommodate ocean-going vessels.

The output of the St. Maurice Valley Corporation is sold through the St. Maurice Sales Corporation, which handles the output of Port Alfred, St. Lawrence Paper Mills and one or two other companies.

The very fact that Sir Herbert Holt is president of the corporation means that the company stands shoulder to shoulder with the many other sound paper producers in which Holt is interested. This alone adds strength to the undertaking.

As both plants of the corporation are operated as a unit, substantial economies have been effected, chiefly in woods operations and in administrative expenses. The two mills are located less than twenty miles apart, and to some extent it is economical for one to utilize the limits owned or controlled by the other.

Such economies have resulted in more than maintaining the earnings this year as compared with the profits obtained in preceding years by the two component companies.

Capitalization—	Authorized	Outst'd'g
Common	150,000 shs.	150,000 shs.
(No par value.)		
Pref.,	$10,000,000;	$5,000,000, $100 each 2,500,000, 5 each

Funded Debt—

First mortgage and collateral trust sinking fund gold bonds, 6%, series "A," due 1945, $6,266,500.

Registered debenture stock £500,000.

Officers and Directors—

M. B. Wallace, chairman of board; Sir H. S. Holt, pres.; H. Biermans, vice-pres.; J. H. Gundy, vice-pres.; G. H. Montgomery, K.C.; F. Faure, E. B. Murray, C. R. MacMillan, T. A. Wark, H. F. Smith, sec.; A. De Hauffe, treas.

Dividend Record—

Dividends on preferred at rate of 7% per annum, accrued from Dec. 1, 1925, and are regularly paid quarterly, Jan., Apr., July and Oct. 1. The first instalment of $.58-1/3, for one month, was paid Jan. 1, 1926.

Profit and Loss—

Average annual earnings of the business acquired by the corporation, and of Belgo-Canadian Paper Co., for the six years and three months ended Mar. 31, 1926, available for dividends in preferred shares, depreciation and income taxes, were $1,461,641, and for the three months ended Mar. 31, 1926, $473,742.

Production—

Company operates two mills, one at Three Rivers, with daily capacity of 265 tons of newsprint, and 65 tons sulphate pulp; one at Shawinigan Falls, with daily output of 400 tons newsprint. Capacity of the Shawinigan Falls mill is being increased by 200 tons daily, which will make the total daily capacity of newsprint 865 tons by the end of 1926.

Port Alfred Pulp

Has Entered Newsprint Field and Its Strong Position Holds Great Promise for the Future — Closely Associated With St. Maurice Valley Corporation

Within the past year, the status of the Port Alfred Pulp and Paper Corporation in the industry has changed largely. A year ago, Port Alfred was the largest sulphite producer in Canada, with an annual production of 48,000 tons. It is still the predominant sulphite producer in this country but, in addition, is in the midst of a large programme of expansion, which will give it an added production of 400 tons of newsprint daily by the close of the present calendar year. The company's newsprint plant will then contain four newsprint machines, with a daily capacity of 100 tons. To date two of these machines have been installed and are now operating satisfactorily.

Again, this summer, Port Alfred, in conjunction with Wayagamack and the St. Maurice Valley Corporation, purchased the Island of Anticosti and formed a subsidiary company, the Anticosti Corporation, which will conduct the woods operation on the island and sell pulpwood to the three owning companies. The Anticosti Corporation is dealt with elsewhere in this issue.

To effect its expansion in the newsprint field, the company this year carried out some new financing through the issue of bonds and preferred stock.

There are one or two interesting points in connection with the financing of the company. In the first place, in comparison with other companies which have a similar output of newsprint, Port Alfred's capitalization, upon the completion of its expansion programme, will be low. Moreover, Port Alfred will have but 60,000 common shares of no par value outstanding into which profits after payment of preferred dividends will be applicable. Other newsprint companies with a similar production and similar fixed charges have to divide their remaining profits between a larger number of common shares. New indicated earnings on the common stock will be high.

Again, the company is in an excellent situation in the matter of timber reserves, owning its own limits in the Lake St. John area and, in addition, its share in the Anticosti Corporation.

The company is in strong financial hands and is controlled by the same group interested in the St. Maurice Valley Corporation. Thus, the corporation is closely associated with the Sir Herbert Holt group of paper companies.

Port Alfred's newsprint output is sold through the St. Maurice Sales Corporation, which handles the sales also of the St. Maurice Valley Corporation, St. Lawrence Paper Mills and other companies. It operates under excellent management and the outlook for its future is excellent.

Capitalization—	Authorized	Outst'd'g
Common shs.......	60,000	60,000
(No par value)		
Pref. 7% com...	$6,000,000	$4,000,000
(Par value $100)		

Funded Debt—	
1st Mtge. 6½% bonds, due 1943	$5,042,500
Serial notes, 6%, due 1926-1930	600,000
Income deb., 6%, due 1954.	3,000,000

Timber Supply — Company itself or through subsidiaries owns 50,000 acres of freehold timber and controls under lease from the Province of Quebec, 1,872 square miles of timber areas.

Officers and Directors—

Sir H. S. Holt, chairman of board; G. M. McKee, president; R. O. Sweezey, A. Cross, vice-presidents; E. A. Macnutt, J. H. Gundy, C. E. Taschereau, A. Wagner, secretary-treasurer.

Dividend Record—

Preferred 7% per annum, payable quarterly, March, June, Sept. and Dec. Initial dividend of $1.75 per share, paid Sept., 1925.

Profit and Loss—

	1925
Gross profits	$921,935
Expenses	63,519
Bank interest	51,600
Bond interest	254,365
Depreciation	109,000
Depletion	130,358
Pref. dividend	47,945
	$656,787
Net profit	$265,148

Belgo-Canadian

Company Now Integral Part of St. Maurice Valley Corporation

It is usually considered that the Belgo mills are fortunately placed with regard to the cost of production, and its plants are regarded by experts as being efficient and well balanced. The company is supplied with some 14,000 horsepower by the Shawinigan Water and Power Company, and due to the fact that this power was purchased at the time Shawinigan was first completing its development at Shawinigan Falls, Belgo was able to obtain its energy through long term contracts at very low rates, another factor which enters into its production cost. It is estimated that the pulpwood resources are sufficient for 40 years' wood supply, and, allowing for reforestation, it is estimated that at the end of 40 years the company will have 80 per cent. of the timber resources which it owns to-day. Through the location of its mill, Belgo is able to utilize a considerable amount of hydraulic power from the St. Maurice River.

The company was first started in 1900, and was owned by Belgian interests, who undertook the complete management of the property. In 1923 Canadians acquired an interest in the undertaking, and this year, the company passed into the control of the St. Maurice Valley Corporation, which now owns practically all the common stock. This year, the outstanding preferred shares of the company were increased from $4,000,000 to $5,000,000. The company has long been a steady and consistent money maker.

Capitalization—

	Par	Outstanding
7% cum. pref.	$100	$5,000,000
Common	100	8,500,000

Bonded Indebtedness—

1st mtge. bonds, 6%, due 1943 $9,657,000

Pulpwood Supply.—Company owns 15,000 acres of freehold timber limits and controls 2,967 square miles of leasehold limits containing 9,000,000 cords of pulpwood.

Production.—245 tons of groundwood, 90 tons of sulphite pulp and 365 tons of newsprint daily.

Officers and Directors—

H. Biermans, president and general manager; Sir H. Holt, vice-president; J. Stadler, chief engineer and manager; F. Faure, manager of forestry department; A. Dehauffe, secretary-treasurer; J. W. Ross, C. E. Taschereau, H. Newman, R. O. Sweezey, J. H. Gundy.

The first annual report of the company covering 21 months of operation, from April 1, 1923, to December 31, 1924, shows profits amounting to $4,173,285, which, after making reserves for depreciation and depletion, and taxes amounting to $1,088,886, bond interest of $742,500, and making a reserve for sinking fund of $240,000, leaves the sum of $2,101,898. Dividends of 7 per cent. on the preferred stock were paid amounting to $420,000, and on the common stock for the final quarter at the rate of 6 per cent. per annum amounting to $127,500. This leaves at the credit of surplus account $1,554,398.

Market Record—

	1925 H	1925 L	1926 H	1926 L
Pref.	99⅛	94½	101	95¾

Forests of Canada Cover 1,200,000 Miles

Over three-quarters of the land area of Canada is incapable of successful agricultural production. Of this non-agricultural area, about one-half can be made to produce timber crops if permanently dedicated, protected and managed for that purpose. In other words, the only economic use for one-third of the land area is in the growing of wood.

Total forest area, 1,200,000 square miles.

Although the area is large, only 38 per cent. carries any timber of merchantable size which is presently accessible or likely to become so for many years.

Generations of exploitation and frequent and extensive fires have removed the more accessible and valuable supplies. Stands of young timber occupy a considerable part of the remaining forest area, which if afforded adequate protection will be a tremendous factor in future supplies for the industries.

Ste. Anne Paper

Begins Work on New 250-ton Newsprint Plant in Quebec Province

The Ste. Anne Paper Company is now erecting a complete paper mill, with a rated capacity of 250 tons a day of newsprint paper. The first unit of the new plant will be ready for operation by the spring of 1927, and the second unit will be completed shortly after that date. The mill site is at St. Anne de Beaupre on the north bank of the St. Lawrence River, about 22 miles below Quebec. Through its location, the company will enjoy for seven months of the year the facilities of distributing its finished product by water.

The company owns outright the Ste. Anne Power Company, which has already acquired wood cutting leases on crown limits and on freehold land; the parent company itself is acquiring further cutting rights on other crown limits. These leases and rights will assure an ample supply of pulpwood at low cost.

Substantially all of the company's common shares will be owned by the St. Anne Investment Corporation (controlled by the Mead Investment Company of Dayton, Ohio), and the Industrial Investment Company, the Abitibi Power and Paper Company, the Spanish River Pulp and Paper Mills, the Bayless Pulp and Paper Company and individuals immediately associated with the foregoing, and T. and Charles Donohue of Quebec City.

Through this connection with such wide pulp and paper interests, the company has available the best business and technical talent for the operation of its mills and for the distribution of its output.

The mill has the necessary railroad transportation facilities, and is to be equipped with two newsprint machines. The company will have a contract for power with the Shawinigan Water and Power Company. The wood cutting rights will cover wood reserves of some 3,000,000 cords of pulpwood, and in addition its location will allow it to purchase at favorable prices a large part of its annual requirements of wood from the Lower St. Lawrence. The output of the mills will be under contract to the G. H. Mead Company of Dayton, Ohio, one of the largest newsprint distributors in the world.

Capitalization—	Authorized	Outstanding
Common	100,000 shs.	100,000 shs.
(No par value).		
Pref. 7%	$3,000,000	$2,700,000

Funded Debt—

First mortgage 6½ per cent. bonds, due 1946, $5,000,000; 6½ per cent. debentures, due 1936, $2,000,000.

Property. — New paper mill at Ste. Anne de Beaupre. Daily capacity, 250 tons.

Machine Room, looking toward Mixing Room—Nos. 1 and 2 Machines.

Newsprint mill of the Port Alfred Pulp and Paper Corporation, Port Alfred, P. Q.

Newsprint mill, showing high head pump house and stock storage tank.

Another Notable Achievement

On August 5th, 1925, the Port Alfred Pulp and Paper Corporation, of which Mr. George M. McKee is president, awarded The Foundation Company of Canada, Limited, a contract for the erection of a newsprint mill with a daily output of 200 tons of newsprint, to be operated in conjunction with their present sulphite mill.

This work consisted of Train Shed, Finishing Room, Machine Room to accommodate two (2) Bagley Sewel newsprint machines, Mixing Room, and High Head Pump House, Ground Wood mill to accommodate twelve Warren Magazine Grinders, Boiler House with boiler capacity of 4,200 H. P. at normal rating, Duplication of their Transformer Room and Sub-station, as well as the necessary underground piping for water and sewer.

This contract was started on August 12th, 1925, and was turned over to the Port Alfred Pulp and Paper Corporation on January 15th, 1926.

On February 15th, 1926, The Foundation Company of Canada, Limited, were called back to proceed with the duplication of the above work, thus bringing the daily output of the mill up to 400 tons of newsprint. The work of installing the machinery equipment for both contracts was also turned over to The Foundation Company.

This last contract included the erection and completion of an addition to the Digestor House to accommodate one Digestor, the installation of one additional Blowpit, New Brown Stock Chest in the Sulphite Mill, and two Ground Wood Storage tanks; the remodelling and addition of one storey over Machine Shop, the erection of Store Room complete, Roll Storage Room, and new Coal Trestle. Certain alterations were also made to the Acid Plant. The additional underground piping, including water and sewer, was also taken care of.

The Foundation Company is now erecting approximately two and a half miles of 36 in. continuous wood stave pipe for the Fresh Water Supply from Ha Ha River down to the mill, and are about to commence the erection of a new wharf to accommodate the unloading of wood brought in by water. In the course of a few weeks the erection of a complete new wood handling plant will be started.

Number 1 machine started to make paper approximately on June 1st, 1926. Number 2 machine was making paper approximately one year from the starting of the building operations of the first Unit; Number 3 machine is scheduled to be making paper on October 15th, and Number 4 machine on December 15th, 1926.

The construction of these buildings is of structural steel and concrete throughout with temporary brick panels left for further extension. Speedy construction is made possible owing to the particular design of these buildings.

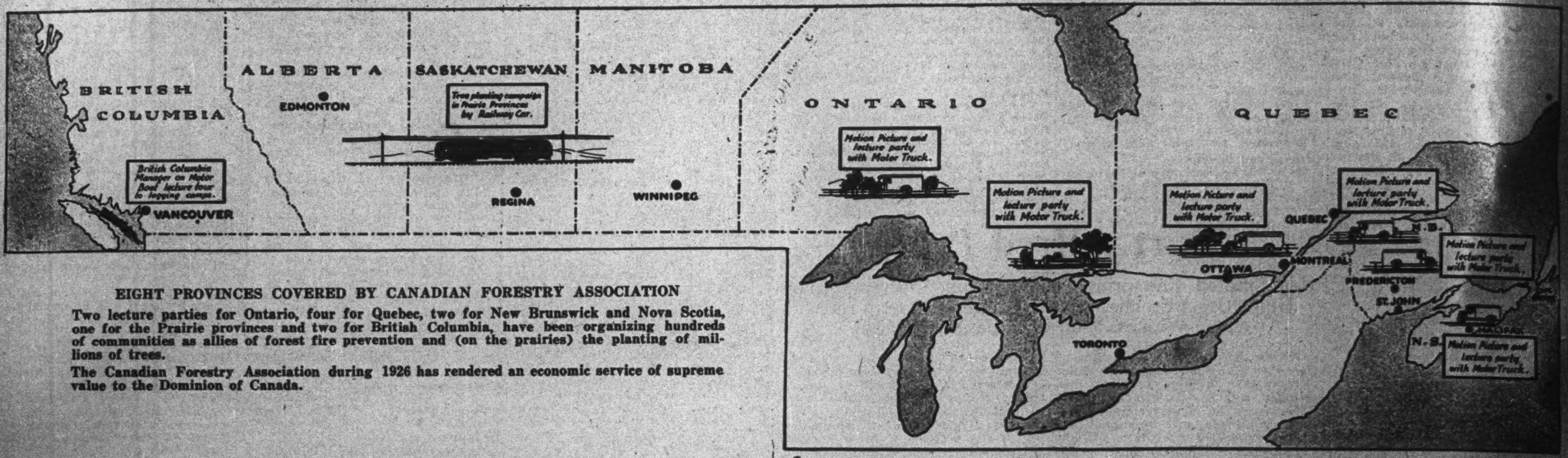
Mr. H. S. Taylor, Consulting Engineer, of Montreal, was in charge of this work.

The performance of The Foundation Company of Canada, Limited, in the execution of the Port Alfred Pulp and Paper Corporation's contract for a newsprint mill was such that one month after completion this organization was instructed to duplicate the contract and double the output of the mill. This included installation of machinery as well as erection of structural extensions.

How effectively the work has been accomplished is demonstrated in the fact that whereas the second contract called for buildings of newsprint mill to be ready to receive Sole Plates on August 1, 1926, the buildings were actually ready for Sole Plates on June 20th, 1926.

THE FOUNDATION COMPANY OF CANADA, LIMITED
MONTREAL

The Fight to Save the Forests


BRITISH COLUMBIA
ALBERTA
SASKATCHEWAN
MANITOBA
ONTARIO
QUEBEC
EDMONTON
VANCOUVER
REGINA
WINNIPEG
TORONTO
OTTAWA
MONTREAL
QUEBEC
FREDERICTON
ST. JOHN
HALIFAX
N.B.
N.S.
British Columbia Manager on Motor Boat lecture tour to logging camps.
Tree planting campaign in Prairie Provinces by Railway Car.
Motion Picture and lecture party with Motor Truck.
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EIGHT PROVINCES COVERED BY CANADIAN FORESTRY ASSOCIATION

Two lecture parties for Ontario, four for Quebec, two for New Brunswick and Nova Scotia, one for the Prairie provinces and two for British Columbia, have been organizing hundreds of communities as allies of forest fire prevention and (on the prairies) the planting of millions of trees.

The Canadian Forestry Association during 1926 has rendered an economic service of supreme value to the Dominion of Canada.

IN THE past eight years Canada has suffered 46,000 forest fires. Each year enough timber has been destroyed to cover 130 townships. Ninety-one per cent. of all the fires were started by human negligence, the product of ignorance.

The antidote for the forest fire evil, therefore, is found in persistent and specific education, carried directly to the classes of population responsible.

By the power of Education, intensively applied, the enormous present drain of forest fire losses can be cut by sixty per cent. within five years.

In this gigantic task the Canadian Forestry Association pleads for the aid and interest of every Canadian citizen and every commercial interest, whether identified with the pulp and paper industry and lumber industry or otherwise.

6,500 Forest Fires a Year! Who Pays?

If the present plague of 6,500 forest fires annually is permitted to continue, no Canadian individual or corporation in any line of business can avoid paying the penalty. Half the population of Quebec, for example, draws more than half its income from the forest. Thousands of Canadian communities depend primarily on maintenance of our timber resources. The forest industries employ more men, directly and indirectly, than any other, and every job depends on "fireless forests." Railways, mines, fisheries and farms are impotent without cheap and abundant forest supplies. Meantime the annual holocaust of 6,500 forest fires continues, 5,400 of them being man-caused.

The most powerful instrument at your disposal for reducing the country's forest sacrifice is the Canadian Forestry Association. Four hundred firms, with no direct interest at stake, and hundreds of timber industries are standing firmly behind the Association.

The Power of United Citizenship

Why has the Canadian Forestry Association been successful in organizing a vast army of people as "friends of the forest" and active combatants of the fire menace?

Because the Association represents the "common ground" on which the public, governments, timber owners and other elements meet and work together.

The Association has no selfish cause to promote, no political partisanship or control, no "axe to grind." Through the Association the road to complete public confidence and co-operation is cleared and wide open. Hundreds of powerful agencies, such as schools, farmers' societies, fishermen's and hunters' societies, service clubs, etc., are eager to join hands with the Association and to accept its guidance.

The Canadian Forestry Association is not identified with any government or commercial interest. Financial support is derived from voluntary grants, made by four hundred mercantile firms and individuals, owning no timber whatever, and from the governments, pulp and paper and lumber companies and railways.

What the Canadian Forestry Association Does

1. Publishes on a non-profit basis "Illustrated Canadian FOREST and OUTDOORS" and "La Forêt et La Ferme," both serving the cause of conservation.

2. Maintains twelve field men, who since June last have held over 1,000 public mass meetings to enlist the Canadian public in forest conservation and (on the prairies) tree planting. The Association makes two million human contacts each year.

3. Furnishes every fortnight ten thousand schools throughout Canada with illustrated lecture manuscripts eagerly utilized by the teachers before a multitude of young Canadians.

4. Maintains an active publicity bureau reaching hundreds of Canadian newspapers and magazines with a constructive educational service.

5. Maintains a vigorous British Columbia Branch at Vancouver in charge of an experienced forest protection expert and educationist, with an adequate staff.

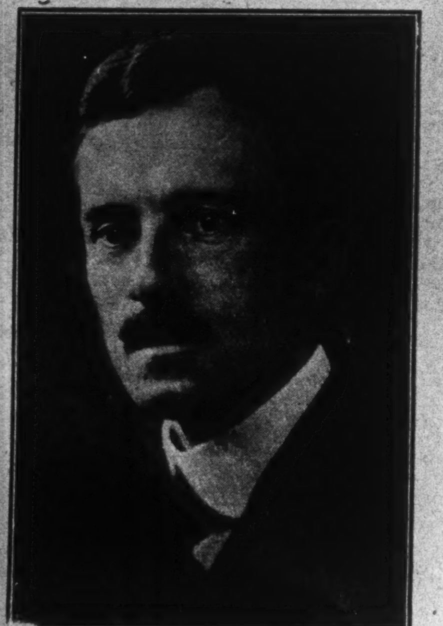
6. Devotes thousands of dollars a year to encouragement of tree planting on the bare prairies and is rewarded by more than forty thousand attendance at prairie meetings annually and a widespread adoption of actual tree planting.

7. Promotes better conservation laws and more vigorous enforcement of them and provides through an instructed public the only sure basis for sound law and administration.

8. Carries out all campaigns on a firm trust in the intelligence and courage of the Canadian people and with unswerving devotion to the true interests of our Dominion.

9. Is building up rapidly the only secure foundations on which forest conservation, forest industries and Canadian commerce can face the future with safety.

10. The Canadian Forestry Association does all this without endowment or reserve funds, or any identification with government departments or commercial organizations; it depends wholly upon voluntary support.



ARTHUR H. CAMPBELL,
Montreal
1926 President, Canadian Forestry Association.

Twelve Years' Progress

	1914	1926
Total Revenues ..	$5,000	$110,000
Number of members	2,900	22,000
Special grants from firms and individuals ...	nil	60,000

(Approx. figures for 1926)

Executive Officers

President: Arthur H. Campbell
Manager: Robson Black
Ass't Manager: Gordon M. Dallyn
Publication Manager: George A. Mackie
Manager for B.C.: Thos. H. Wilkinson
Treasurer: Miss M. Robinson

Canadian Forestry Association

51 Sparks Street, Ottawa

ROBSON BLACK
Manager of Canadian Forestry Association since 1915.

BETTER KRAFT MARKETS HELP PROFITS IN 1926

Producers of Sulphate Doing Better This Year as Demand Has Strengthened

The meaning of the word "kraft" was practically unknown fifteen years ago; it is a Swedish-German word, signifying strength, and has been applied to the type of paper made from sulphate pulp because of the strength in the resulting product.

Sulphate, or kraft, pulp is manufactured much in the same way as sulphite pulp, the chief difference being that a different chemical agent is used to break up the wood fibres. It was first manufactured in Canada in 1908 in the Province of Quebec. Up to 1912, the annual production of kraft paper in Canada amounted to only around 5,000 tons; but during that year, the supply was greatly augmented by the opening of the Wayagamack Pulp and Paper mill. This company is now the largest paper mill in the world devoted mainly to the production of kraft pulp and paper.

Always Used For Strength

Either kraft pulp or kraft paper is used in any paper product in which there must be strength. Its principal use, of course, is in wrapping paper, but it is used also in making corrugated paperboard and its use in the electrical industry is growing also. A little over ten years ago, the yearly consumption of kraft in this country totalled some 8,000 tons, while to-day the tonnage used amounts to well over 30,000 tons.

Of course, the Canadian market for kraft paper is limited and, as a consequence, the manufacturer of kraft wrapping paper has turned overseas to find larger markets. Notably so is this in the case of Wayagamack.

From the following figures, it will be seen that there has been some growth in the combined exports of kraft pulp and kraft paper during the past year:

Sulphate Pulp Exports

	Tons	$
1926 (6 months) ..	83,564	5,213,387
1925	149,722	9,158,261
1924	140,183	8,331,931
1923	146,345	9,453,758
1922	148,335	9,166,818
1921	99,539	7,199,218
1920	133,146	12,805,460

Wrapping (Kraft) Paper Exports

	Tons	$
1926 (6 months) ..	9,696	1,227,846
1925	20,535	2,779,298
1924	21,586	3,222,520
1923	20,364	3,087,957
1922	18,277	2,740,049
1921	6,893	1,295,332
1920	17,727	3,448,516

During the first six months of 1925, the market for kraft pulp showed little betterment, but later in the year there arose an improved demand with some increase in prices. During the year, therefore, the output of the Canadian mills was increased by about 12 per cent. Exports of sulphate during the year amounted to 137,750 tons, as compared with 129,602 tons exported in 1924. Practically all this output went to the United States, but small shipments went to Japan. The demand in the United States for kraft has been somewhat larger and the imports in that country of European kraft have shown a marked increase over the past year and a half.

In the United States, more and more sulphate pulp is being produced by mills located in the southern states, where a more or less rapid growing type of wood has been found suitable for this type of pulp. In this way, the Canadian manufacturers of sulphate have had to meet keener competition. During the present year, considerably more kraft has been exported to the States. Again, those mills which are equipped to turn their kraft output into kraft paper have benefited by the generally improved markets for kraft paper, both at home and abroad.

The bettered markets for sulphite pulp and for kraft paper have been reflected in the improved earnings of the Dryden Paper Company.

Canada's Pulp and Paper Industry at a Glance

Year 1925

Number of mills	114
Capital invested	$460,397,772
Employees	28,000
Salaries and wages	$ 38,560,905
Pulp manufactured	2,772,507 tons
Value	$100,216,383
Paper manufactured	1,884,705 tons
Value	$140,680,177
Net value of production	$193,092,937

First in Labor

As an employer of labor the pulp and paper industry ranks among the first, as there are more than 30,000 men on the pay rolls, and the wage bill exceeds $40,000,000 per year. If those employed in the woods operations were also included the total would be very much higher. When it is considered that many of the mills have formed the necleus around which flourishing towns have sprung up and developed, the value of this industry to Canadian prosperity is further emphasized.

Brown Corporation

A Large Sulphate Producer With Output of By-products Also

The Canadian investment interest in the Brown Corporation centres in the preferred stock of the company. The corporation is one of the largest producers of sulphate pulp in Canada and all the common stock is owned by the Brown Co.—the largest manufacturer of bleached sulphite fibre pulp and kraft wrapping paper and allied products in the United States.

The entire output of the Canadian company is sold to the parent company, which, incidentally, is also responsible for the payment of preferred dividends and sinking fund requirements of the subsidiary company.

The Canadian corporation owns and operates a sulphate mill at La Tuque, P.Q. It is especially noted for its extensive holdings of timber lands. In all, it controls some 5,000 square miles, conservatively estimated to contain 12,000,000 cords of pulpwood.

The company has gone in extensively for the economic development of chemical by-products of pulp manufacturing. It is manufacturing turpentine from the waste sulphite liquor which is not utilized in most mills. Following the lead of its American parent company, a much larger list of chemical products will shortly be manufactured, chloroform bisulphate or carbonate, which is used for disinfecting and other purposes; caustic soda largely employed in bleaching woollen products, and a number of vegetable oils used in the manufacture of soap. A product more or less akin to pulp and paper is fibre tubing and piping made by an automatic process from pressed groundwood pulp. This tubing is largely used by electrical companies for conduit covering, while the large sizes are used for pumping water from mines.

Brown Corporation is certain to invest many more millions of dollars in Canada in the next few years. Its present plans call for the gradual expansion of its American mills along the line of chemical production, and its extension along the line of pulp production will take place in Canada. While only sulphate pulp is now produced at La Tuque, it seems likely that sulphite pulp will also eventually be produced there.

Capitalization—

	Authorized	Outst'd'g
Common	$10,000,000	$9,000,000
Pref. 7%	2,000,000	1,900,000
(Par $100)		

Funded Debt—

None. All of the first mortgage 6 per cent. serial gold bonds, due to Sept., 1930, were called for redemption on Sept. 15, 1926.

Dividend Record—

Dividends on preferred regularly paid quarterly, Feb., May, Aug. and Nov. 15. No dividends paid on common.

Officers and Directors—

H. J. Brown, president; O. B. Brown, treasurer; W. R. Brown, D. P. Brown.

Production.—240 tons of pulp and 80,000 ft. of lumber daily.

Canada Paper

Company Has Been Enlarged and Manufactures Finished Products

The Canada Paper Company has been in existence since 1864 and, at the beginning of the present year, a new company, bearing the same name, was incorporated and acquired the assets of both the old company and of Kilgour Brothers, Toronto. Through these acquisitions, the present company has an annual capacity for the sale of 13,500 tons of newsprint, 7,500 tons of wrapping, book and writing paper, and white and colored paper specialties, 29,000,000 paper boxes, 300,000,000 paper bags and 60,000,000 shipping tags.

Four manufacturing units are operated, three at Windsor Mills, P.Q., and one at Toronto, Ont. At Windsor Mills there are four paper machines with their complementary sulphate and groundwood pulp installations, and 25 paper bag machines. At Toronto there is installed complete equipment for the conversion of various types of paper into various commodities.

The company owns freehold timber limits on the St. Francis river and leases a large area from the Province of Quebec. For many years, it has also followed the policy of purchasing pulpwood from settlers. At present, the company produces 6,000 hydraulic h.p. from its water power site, which it owns in fee simple, on the St. Francis river. Additional power required is purchased.

About 40 per cent. of the company's output is sold in Canada, 45 per cent. in the United States and 15 per cent. in New Zealand and South America. To finance the present company, an offering of bonds was publicly sold at the beginning of this year.

Capitalization—

	Authorized	Outst'd'g
Common	20,000 shs.	20,000 shs.
(No par value.)		
Pref. 7%	$3,000,000	$1,250,000
(Par $100.)		

Funded Debt—

First mortgage 6% bonds, series "A," due 1945, $2,000,000.

Dividend Record—

On preferred 7% per annum, payable quarterly, Mar, June, Sept. and Dec. 1. First dividend paid Mar. 1, 1926.

Officers and Directors—

J. H. Gundy, pres.; F. J. Campbell, vice-pres. and man. dir.; Sir H. S. Holt, C. R. Hosmer, Sir H. M. Allan, F. W. Molson, A. J. Nesbitt, W. E. Wilder, H. Balm, H. M. Thorne, sec-treas.; H. B. Donovan, sales mgr.

Production—

Annual capacity is 13,500 tons newsprint; 7,500 tons wrapping, book and writing papers, and white and colored specialties; 29,000,000 paper boxes; 300,000,000 paper bags, and 60,000,000 shipping tags.

Profit and Loss—

Average annual net earnings for 5 years and 9 months ended Sept. 30, 1925, after depreciation, depletion and operating expenses, including maintenance and repairs, available for bond interest, were $411,666.

Powell River

Capitalization—

	Authorized	Outstand'g
Stock	$5,000,000	$3,500,400

Par $100. Stock is closely held.

Funded Debt—

First mortgage bonds 6 per cent., due 1929, $596,000; serial gold notes, 5 per cent., due 1928 to 1933, $4,000,000.

Officers and Directors—

D. F. Brooks, pres.; N. R. Lang, man. dir.; A. S. Brooks, treas.; M. J. Scanlon, vice-pres.; H. K. Brooks, sec'y; F. T. Griffith.

Profit and Loss—

Net earnings, after interest, depreciation and depletion, but before taxes, for year ended Dec. 31, 1925, were $1,587,414. Such earnings for the past eight years have averaged $1,415,982 per annum.

Production—

Daily capacity: groundwood pulp, 359 tons; sulphite pulp, 119 tons; newsprint paper, 460 tons.

Interlake Tissue

Capitalization—

	Authorized	Outstand'g
Stock	$1,000,000	$625,000
(Shares, $100 each)		

Funded Debt—

First mortgage 6 per cent. bonds, due 1935, $304,000.

Dividend Record—

Six per cent. paid for year 1920; 1½ per cent. paid for quarter ended Mar. 31, 1921; six per cent. paid for 1924. None since.

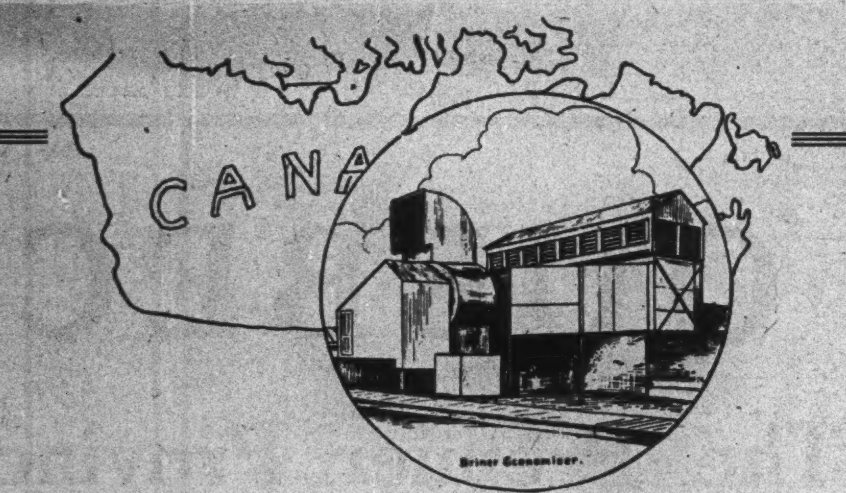
Officers and Directors—

G. Carruthers, pres.; I. H. Weldon, vice-pres. and treas.; S. F. Duncan, sec.; C. A. Dewing, S. B. Monroe, A. B. Connable, A. Fasken.

Profit and Loss—

Balance, profit and loss account:

Dec. 31, 1922	$110,419
Dec. 31, 1923	132,151
Dec. 31, 1924	99,309
Dec. 31, 1925	109,597



ROSS SYSTEMS
HEATING—VENTILATING—DRYING

Playing an Important Part in Canada's Pulp and Paper Progress

Partial List of Installations Now Operating or Being Made in Canada

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Backus-Brooks Co.
Bathurst Co. Ltd.
Brompton P. & P. Co.
Beaver Wood Fibre Co. Ltd.
Canada Paper Co. Ltd.
Canadian Internat'l Paper Co., Gatineau.
Canadian Internat'l Paper Co., Three Rivers.
Donnacona Paper Co. Ltd.
Dryden Paper Co. Ltd.
E. B. Eddy Co. Ltd.
Fort Frances P. & P. Co. Ltd.
Laurentide Co. Ltd.
Manitoba Paper Co. Ltd.
Mattagami P. & P. Co. Ltd.
Newfoundland P. & P. Co. Ltd.
Port Alfred P. & P. Corp.
Price Bros. & Co. Ltd. Kenogami.
Price Bros. & Co. Ltd. River Bend.
Powell River Co. Ltd.
Riordon Pulp Corp.
Spruce Falls Co. Ltd.
St. Anne P. & P. Co.
St. Maurice Valley Corp. Three Rivers.
St. Maurice Valley Corp. Belgo Div.
St. Lawrence Paper Mills Ltd.
Thunder Bay Paper Co. Ltd.
Wayagamack P. & P. Co. Ltd.

The above list of prominent mills does not show the number of machines equipped—in some cases 3, 4 and 5.

AS THE Pulp and Paper Industry of Canada forges ahead to unprecedented proportions, so grows the success and achievements of the Briner Economizer and other Ross Systems. The need for increased efficiency and stricter economy in mill operating costs has brought Ross Systems far to the front in accomplishing these results. This record of achievements is made possible by an organization of experts devoting its entire time and effort to the proper installation of every type of air system for Pulp and Paper Mills exclusively.

The knowledge, experience and valuable data possessed by this organization of engineering specialists is available to the industry. No obligation is incurred in making use of this engineering service.

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New Birks Bldg. - Montreal

ENGLISH ELECTRIC
COMPANY
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CROCKER-WHEELER COMPANY
LIMITED

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STEAM TURBINES AND CONDENSERS
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Many Pros and Cons in Pulpwood Embargo

Some Favor the Embargo; Others Want Graduated Export Tax, and Finally There Are Those Who Feel Restrictive Legislation Would Not Help

Shall Canada prohibit the export of pulpwood or impose a severe export tax upon its shipment to another country? A live question, this; one that has agitated Canada for some years. No steps in the direction of an embargo on wood cut from freehold lands has been taken. This is a Dominion matter. The provinces, generally, have taken steps to restrict export of pulpwood from lands leased from the crown for cutting purposes.

Generally, it is argued that no nation ever got rich exporting raw materials; that Canada should not permit paper mills to be built up in foreign lands on the basis of Canadian raw materials. The argument goes further and would include a system of restricting in time export of all raw materials.

Strenuous fight has been waged against the pulpwood restrictions and the opponents have put forward such strong arguments against the embargo or tax that no action has been taken.

The pros and cons surrounding an embargo or export tax on pulpwood are innumerable. Those antagonistic to such legislation make the point that it would be unfair to pulpwood operators and to those who own freehold timber to even consider putting such legislation into force, when no similar tax is, or can be, imposed on all other raw materials in the Dominion, including wheat asbestos, metals, minerals and, first and foremost, lumber itself.

Protagonists of an export tax claim that restriction of the exports of raw pulpwood from this country would benefit the Dominion, would prove a hardship to some, but that a greater good could in the end be accomplished.

Those antagonistic to the tax immediately point out that its imposition would react with especial severity in certain territories in which there would be no possibility even of obtaining any of these benefits which are claimed by the protagonists of an embargo.

The claim that legislation along these lines would bring further pulp and paper producers to Canada is sometimes questioned, for with the export prohibited from crown or leasehold land in Quebec and Ontario, the majority of the pulpwood resources of the Dominion are thus automatically precluded from being exported in an unmanufactured state. Both these provinces, in leasing land, insist that the holder erect and operate a mill to consume all the pulpwood cut on such limits.

Affects The Settler

Furthermore, there are many who believe that the imposition of an export tax on pulpwood would prevent the settlement by pioneers of our more northerly and remote districts, who, at the present time, obtain their livelihood by the sale of pulpwood, as they clear their land for agriculture.

Then, again, admitting for a moment that an export tax on pulpwood, say, in the province of Quebec, might work out in the best interests of that province, yet a pulpwood tax, say, in Nova Scotia would, it is claimed, prove of little help there, for new mills coming to Canada would probably find more attractive mill sites in Ontario or in Quebec.

Then, again, it is pointed out, there are areas in Canada which to-day export pulpwood in some quantity, but which hold no lure for the location of new pulp mills. These areas include those in which there is freehold timber, but in which there are no limits of a size sufficient to erect new mills.

Has Helped Probably

Incidentally, those who do not favor an export tax on pulpwood do not for a moment admit that the placing of restrictions on timber cut on Crown lands has forced American mills to open in Canada; they declare that this was the natural economic trend and point to the fact that pulpwood exports from this country over the past few years have shown but little increase and, during the current year, have fallen off. However, there seems but little doubt that the prohibitory legislation dealing with exports from Crown lands has tended to increase or augment the natural trek of the industry northward.

It is declared that an export pulpwood tax, or an embargo, would hardly benefit the Maritime provinces, and there is little doubt that such a tax in central Canada would affect the settlers unfavorably. However, in the latter section, there is a good market for pulpwood which does not exist in Nova Scotia, and thus farmers and other pulpwood operators have a better opportunity of disposing of their production in the domestic market.

Some say that a way out might be found and that Canadian mills would gladly guarantee to provide a market equivalent to the price of pulpwood prevailing in the U.S. In this case an export tax might work no injury to the settlers and would in no way discourage immigration to our forest areas.

Many people feel if an export tax be a sound policy, it should apply to all our natural products. This would require a tax on timber exports and this is a debatable question, one that would arouse much opposition.

It is pointed out that the trend of the pulp industry generally is northward toward the Dominion and that, as more pulp and paper mills are established in Canada, so the pulpwood exports will decline, until, finally, pulpwood is only exported in those sections from which it would be impossible to sell the pulpwood to the Canadian mills at a fair price.

It is also claimed that the imposition of an export tax on pulpwood would reduce the value of every acre of freehold woodland in Canada. This land was, in every instance, it is pointed out, sold in good faith, sometimes from the Crown to the owner, and it would not be living up to the Dominion's bargain with the purchaser of such land if an embargo or export tax should be imposed.

All in all, there is much that can be said on either side of the pulpwood export or embargo question. There is little doubt in the minds of most of those actually engaged in the pulp and paper industry that a pulpwood tax would work out in the best interests of the country as a whole. On the other hand there are probably just as many in the forest industry as a whole, who feel that such restrictive legislation would work out in much the same way as other restrictive legislation, namely, to the disadvantage of the Dominion.

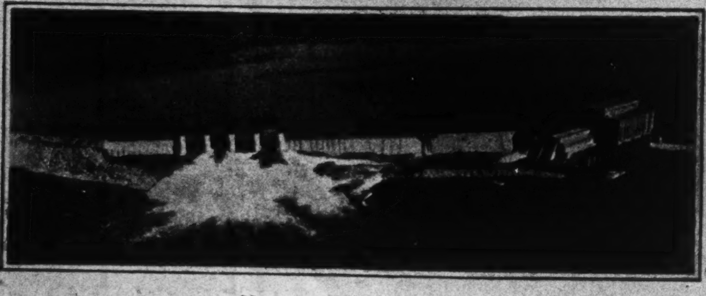
That the whole question is extremely complex is, of course, obvious. It is also obvious that the average layman has not the real knowledge upon which to base any reasonable conclusions.

Anything which will tend to lengthen the life of the forest industries should be undertaken. The last is, of course, one of the best points favoring the export tax—those who export pulpwood state that most of the wood which now leaves the country in an unmanufactured state would never go to the pulp mills anyway.

So there you are.

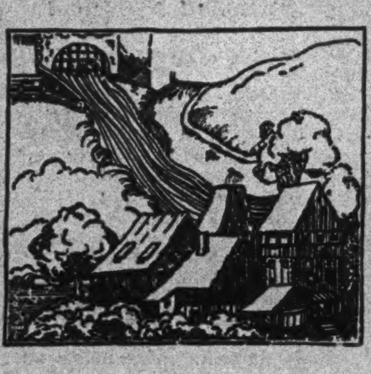
Power a Big Factor

Duke-Price Power Company.


Manitoba Power Company.

Raw Power on the Ottawa.

Most Ancient Papermill Picture



There is no copyright on the picture which is reproduced above, for it was first printed in the Nuremberg Chronicle in 1493 — one year after Columbus discovered America. It is the earliest picture of a papermill extant.

The picture was recently reproduced in a volume by Dard Hunter entitled "The Literature of Papermaking, 1390-1800."

The Stromer mill, as Mr. Hunter says in his book, was established after Stromer had become interested in the art of papermaking in Italy. He imported a number of Italian papermakers from Lombardy, and not without some preliminary difficulties began making paper.

Mr. Hunter obtained the story of the mill from a manuscript diary left by Stromer himself.

Market for Newsprint Increases Overseas

The limit of greater markets for domestic mills is not confined to the United States. There is an exception among the mills that shipments to Australia may reach 35,000 tons in 1926 and that 30,000 tons or more may find a market in South America. During 1925 shipments to Australia, which were resumed on the ratification of the trade treaty between Canada and that country, amounted to 8,459 tons while the Argentine took 24,897 tons. It is quite true that the newsprint market is a world affair, and if Canadian paper drives out any large amount of English shipments from Australia, these must find a market elsewhere, and if English mills' production is not sent to Australia it probably will remain at home and cut down the former market for Scandinavian newsprint in England, which in turn might force the latter into the United States market in competition with Canadian mills again. On the other hand, reports from Europe indicate that consumption in eastern Russia, western Germany and Finland is showing a considerable increase of pulp or of paper, and that this will take care of a fair portion of surplus Scandinavian output.

CRANE MATERIALS WERE USED EXCLUSIVELY IN THIS PLANT. A VIEW OF THE PIPE BENDS AND AUTOMATIC STOP-CHECK VALVES

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Whether the question be the choice of material for pipe bends, or the determination of the number of automatic stop-check valves needed, Crane engineers are at your service for consultation. More than careful research and detailed study is behind their recommendations, for they bring to bear on your problems the knowledge gained in previous solutions of similar questions in your field.

You are thus assured that Crane engineering suggestions are based on the latest knowledge and practice in the situation which confronts you. That is why experienced power men say, "Be sure! Consult Crane."

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The Premier Province in Pulp and Paper Production and Still Healthily Expanding

This leadership and expansion is based on the solid foundation of: —

AMPLE WOOD SUPPLIES, ABUNDANT WATER POWER, CAPABLE CONTENTED WORKMEN, SOUND GOVERNMENT POLICIES.

Of the 114 pulp and paper mills in Canada, 50 are in the Province of Quebec. Of the $460,000,000 invested in the industry in Canada at the end of 1925, $227,000,000 was invested in the Province of Quebec and most of this investment has been made during the past 35 years when investment confidence in the opportunities of Quebec's forests has grown apace.

Quebec is the leading producer both of wood pulp and paper in the Dominion. In 1925 production of paper was $70,000,000 and of wood pulp $50,000,000.

Present Expansion of the Industry

To-day's growth of the industry in the Province of Quebec is evidenced by the following newsprint mills and additions to present production which are underway: —

Ste. Anne Paper Co., 250 tons; Anglo-Canadian Pulp and Paper Mills, 250 tons; Belgo-Canadian Paper Co., adding 200 tons; Port Alfred Pulp and Paper Co., adding 200 tons; St. Lawrence Paper Mills, Limited, adding 150 tons; Brompton Pulp and Paper Co., 100 tons; Canadian International Paper Co., 400 tons; Mistassini Power and Paper Co., 200 tons; the developmentwork on Anticosti.

Government Co-operation

Daily the Department of Lands and Forests is giving the closest co-operation to those who are developing and to those about to develop the forests.

With forests covering more than 130 million acres, with a value of well over a billion dollars, capital is being invested daily.

With the object of conserving the forests, the Government's forestry department ensures that lease holders maintain certain trees for regeneration purposes, maintains an organization for reducing fire loss to a minimum, and enforces rules with regard to burning brush, etc.

These regulations are as much a help to the operating companies as they are to the province, with the result that capital investment is in no way hindered.

For information write HON. HONORE MERCIER, Minister of Lands and Forests, QUEBEC

Paper Consumption Rises As Printing Develops

Printers, and Printers Only, Made Possible Tremendous Increase in Paper Consumption — The Growth of Both Trades Traced

Paper, of course, in itself is useless. It is the development of the printing craft which has brought about the increased use of paper and it is still further development of this ancient and honorable trade that will bring about a still further use of the commodity, the manufacture of which has rebounded to the advantage of many Canadian investors.

Printing and paper making are two trades closely bound together and the story of printing is in itself, not only interesting, but provides much interesting food for thought in the minds of investors in the shares of the paper companies.

One of the most comprehensive and complete reviews of the history and development of the printing trade in its relation to the art of paper making was presented recently by Wayne B. Shantz of the Miami Paper Co. in addressing a section of the Papermill Superintendents' Association. He tells the story so well that it follows in part in his own words:

As an introduction to the main portion of this address, on the Art of Printing, as we of to-day are familiar with it, it is necessary to go back to the early centuries of the Christian Era.

It is most difficult for those of to-day, who might be inclined to delve into the secrets of those days, to do so successfully for the reason there are no books of reference to aid in the research work, which makes it necessary to form large expeditions of exploration, supported by large sums of money and composed of those who are willing to spend much time and effort to make excavations in the lands of those days, in the hope that something tangible be found that will throw more enlightment on the manners and customs of the inhabitants of the world than we now have only through the one source—the One Book, and Book of all Books, the Holy Bible.

Earliest Communications

The earliest means of communications, we are told by archaelogers, was through mounds of earth and heaps of stones so arranged as to indicate, but with no definite means to prove, that some tribe had been at a certain place, time, of course, being unkown—the foregoing could only be a guess at the best.

Then came the period of hieroglyphics and marks similar to those now known as Hebraic and Chinese as a means of communication. These marks would be known only to friends or members of the certain tribe inscribing them, and were, therefore, only a semi means, at the best, of communication.

Then followed the cutting and carving of characters resembling animals, supposedly, and including many characteristics formerly used, on stones or tablets, from which, ancient history tells us, finally came the letter forms.

After the adoption of certain letter forms by certain tribes or races, and only in what are known as capital formation, came the cutting by hand of these letters on stones and tablets used in building construction and on wood grainwise for purpose of reproduction on surfaces by the same means—by hand.

Then the First Paper

About this period there came into use papyrus, a plant which at this time thrived all over Egypt, but more prolifically in that region of Egypt known as the Upper Nile or Delta of Egypt, and the Abyssinian country. The stems of this plant were used for the making of a substance from which paper (from papyrus) was made, and which, so far as is known, is the very beginning of the relationship between certain forms of block printing and what is now commonly known as paper. Papyrus was grown in Egypt abundantly up to the fifth century for the purpose of furnishing a substance to take and hold printing, and even to-day in museums of the Old World can be found hand-printed and block-printed papyrus scrolls, really the first tangible means of the dissemination of knowledge by means of any form of printed page.

In the fifth century vellum was introduced and used for these ancient scrolls, but papyrus was also used and continued in use, together with vellum, up into the eighth century when paper making by hand was first introduced in European countries of that day, Italy, France and Spain being the first to most proficiently develop its making, but these countries were quickly followed by the other European countries.

Then Came Printing

The foregoing remarks are introductory and historical, showing as they have, the first affiliation of the art of printing to paper making, and which brings us down in time to the making of movable types in the fifteenth century—and the real beginning of printing as we know it to-day, which, previous to this time, had been done only by means of wooden blocks cut and carved in relief by hand and reproductions therefrom secured by means of crude devices known as wooden hand-presses constructed on the mechanical idea of plane, wedge and lever.

At this time—early in the fifteenth century, Gutenberg, Jenson and Schoeffer introduced movable types of varying design in what was then known as Gothic style, but to us of to-day as Old English or German Text. With the wonderful achievement of Gutenberg came the famous Gutenberg Bible, one of the rare gems of the printing art to this day. It was composed in the movable types and decorations of his design, in page form, and printed on hand-made paper of the time on a hand-press similar in type to the Washington proof press of to-day, though made of wood, the decorative illumination or coloring all being done by hand after the printing of pages proper in block. Would here like to say that copies of this wonderful book sold for as much as $200,-00 and for this figure only within the last few months. Might further say if any of you would be interested in seeing a copy of the Gutenberg Bible and are in New York, you will be well repaid if you visit the Henry L. Bullen Library of the American Type Founders Co. in Jersey City, where it and many other wonderful specimens of the printing art can be seen. This visit would also be a revelation to you men, who have to do with the making of paper, as you will see how well preserved are the works of hundreds of years ago, which were printed on the hand-made paper of those days and something which any one of you would hesitate to predict, and rightly so, for the product as we are expected to produce it to-day.

Printers Were All Artists

Printing, as it has been spoken of up to this time, meant all the art effort necessary to convert thought into a tangible something, either scroll or book, and which would to-day include the trades as we known them—type founder, compositor or typesetter, pressman and binder. All of which means the printer of the early days had to be an artist and was so considered among his fellow-men. The efforts of these patriarchs of the great art preservative of all arts were thwarted from every angle and more particularly from the prevailing governments, for it could readily be seen that something had come into being that was going to be a blessing to all mankind—knowledge—and which, up to this time, had only been the privilege of the ruling monarchs and those closely affiliated with them, or appointed or directed by them, to only allow the distribution of certain information pleasing to their despotic desire or aiding their corrupt ambitions. History informs us that many of the early printers met with severe punishments for their activity and suffered losses through having their product confiscated and destroyed by trusted agents of those in control of government.

Printing Makes Progress

During the period from the fifteenth to the eighteenth century much progress was made by the development of printing. The newspaper became a reality but issued under strict scrutiny and supervision, freedom of speech and press only coming late in this period. The making of paper by hand continued to develop and improve and many of the beautiful sheets which are the height and ambition of many paper makers of to-day to match came into existence and are available for public inspection in some of the older museums of the Old World.

Printing in America dates back to 1638 when the first press was brought over from England by the Massachusetts Bay Colony. This enterprise was followed by Boston, New York and Philadelphia before close of century. It might be interesting to you to know that there were many less than 1,000 pamphlets and books published in the Colonies from 1639 to 1700, a period of sixty-one years. The first newspaper made its appearance in this country early in eighteenth century.

First U.S. Paper Mill

To the City of Philadelphia belongs the distinction of having the first paper mill in this country. This mill was built in 1690 along a branch of the Wissahickon Creek in that portion of the city now known as Germantown. To show the close affiliation between printer and paper maker in those days, William Bradford, the printer of Philadelphia at that time, was a large owner of this mill, and he had first call on all its product.

Up to the year 1728 there were only thirty-four printers in the Colonies, distributed as follows: Twenty-three in Boston, nine in Philadelphia and two in New York. (The figures would seem to indicate the reason for Boston being called the Hub of the Universe and the City of Culture).

During the growth and development of paper making in the United States the co-operation of the printer was ever present. As rags were the most vital raw material needed for paper in those days, to secure them in sufficient quantities was a problem for all the mills then in existence and those who contemplated paper manufacture. Advertisements were run in any and all newspapers adjacent to the mills, and in some instances these advertisements would appear for a year or more before a mill would be ready to make paper. Rewards would be offered for those saving the largest quantities in a given period. Regular authorized collectors would make regular calls at certain designated places to make the collections and pay the rewards.

Printing a Slow Business

Early printing consisted principally of books and newspapers. First these were all made up of type, and would be made up into pages according to size and style of book desired or size of page of newspaper. Before the advent of the cylinder press, now so commonly known, the wooden hand press has been improved and made in iron. For many years this type of press was used and even after the cylinder presses had become an assured fact, these Washington hand presses and Adams presses were used to print the finer or DeLuxe editions. The paper used in work of this character, as, in fact, was nearly all paper in the early days, was wetted down or dampened and the sheet printed in that condition, sometimes only a page at one impression, two pages at an impression, or even as many as four pages according to size of bed of press. In case of newspapers never over two pages and often only one page could be printed at one impression. Some of these Adams presses were used as late as 1895.

In the latter part of the eighteenth century the printing press idea with a cylinder was conceived, but it was many years after that the flat-bed or cylinder press, as we know it to-day, was developed. After a press of this character became an assured fact, the cylinder idea was further developed and the Hoe Rotary press of the nineteenth century was the result. Both of these original ideas have been improved upon from time to time until we have the fine pressroom equipments of the present day.

With the improved press equipment came other developments in printing. The cutting by hand of line engravings on wooden blocks across grain, and later line reproduction and halftone illustrations by means of the photo-engraving process. The latter process has made possibilities in the art of printing endless. Indeed the combining of story with illustration or picture gives the reader of literature and advertising messages a double mental impression of picture in black or colors, and words.

Qualities of Papers

With these later developments have also come more problems for the maker of paper. To print the forms of type only did not require paper of such uniform goodness, but to-day paper must be made to meet the most exacting requirements. It must be uniform in thickness, must have durability, a good finish, absorbent qualities that will not take ink too fast nor too slow, must lay flat to permit handling on automatic feeders and assure perfect register in event of color work, and last, but not least, must be made of inferior raw material to that formerly used to meet present-day volume and price conditions. Please understand meaning of the word inferior as used. To produce the volume of the various kinds of printing as used to-day, there would be insufficient rags to manufacture paper as in days gone by. Therefore, as you men well know, the use of wood content became necessary, and since the greater proportion of all printing of to-day is only for a temporary period of time, the purpose is served satisfactorily by its use.

Lithography Discovered

Lithography was discovered to be a means of reproduction from original drawings and paintings about the year 1796, but patent on process was not applied for until about 1800-1803. The principle of the method was the etching in relief in stone, previously treated, the subject for reproduction. The process was mostly by hand and acid. This differs materially from letter-press printing in that the printing subject—illustration or lettering—is etched into an even surface which takes and holds the ink for deposit direct on paper, while in letter-press printing the printing surface protrudes from the base on which the various characters are cast. In this process the paper being printed comes in contact with a plane surface which allows for no escapement of air and which sometimes makes it much more difficult to keep the paper from wrinkling while printing. To get best results from this process the presence of more moisture in paper itself has proven the most satisfactory, and the more nearly it is of nature of paper used by the artist the better will be the reproduction.

Other Means of Printing

In direct lithography the transfers are made on the flat stone surface in negative or reverse form, which are inked, and from which the copy or reproduction is made direct on the paper, thereby insuring very fine results, but necessarily at a slow rate of production.

Offset lithography first came into use about twenty-five years ago. This process differs from direct lithography in this way. First, the rotary principle in the use of cylinders is employed—there being three cylinders, one for the form or transfer, another for the rubber blanket and a third to make the impression. Second, the transfer plates are etched in zinc or aluminum of sufficient thickness to be durable and yet be pliable enough to curve around the form cylinder.

In this process the curved form plate or transfer is a positive taken from artist's glass original and takes the ink from the rollers and deposits same on rubber blanket in negative form and this in turn deposits the ink on the paper by coming in contact with the impression cylinder. In analyzing the method employed in offset lithography it can readily be seen that the printed copies are once more removed from original than by the direct process, and since rubber is employed to make the deposits of ink on paper, very pleasing and soft tonal effects are secured which seems to meet the desire of those who are producing direct-by-mail advertising as well as other forms of advertising literature.

Growth in Speed Continues

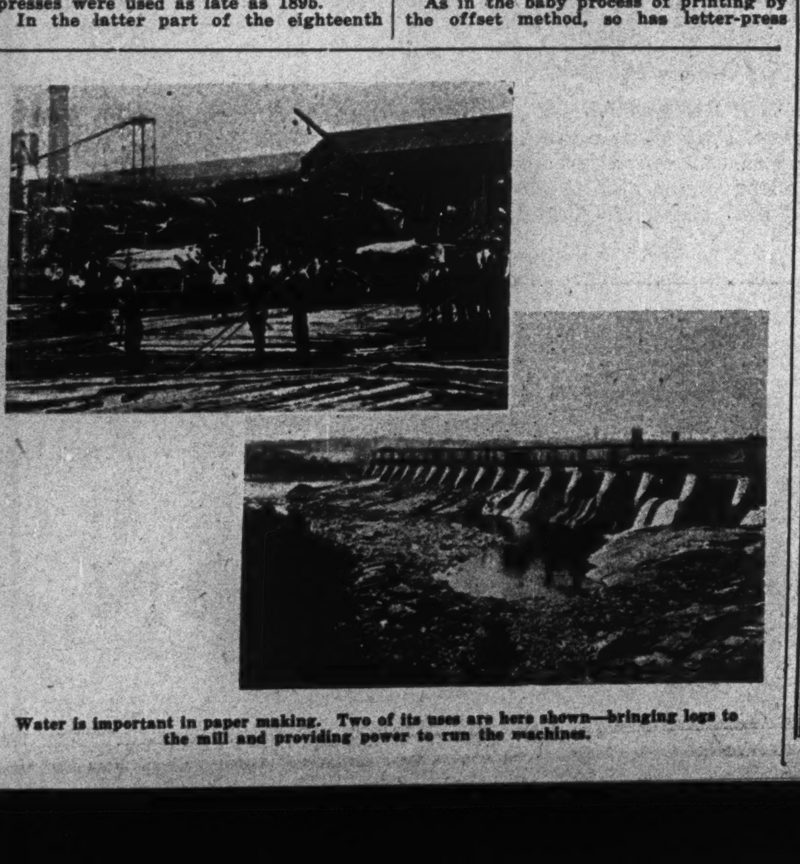
The great advantage the offset process has over either letter-press printing or direct lithography is the speed with which it can be produced. As many as 3,500 impressions per hour on certain classes of work can be secured from the modern offset presses, which is a fact that immensely pleases those with investments in equipment of this kind and which proves such a great advantage to those desirous of issuing large editions of printed mater in from one to eight or ten colors. I might say in connection with offset printing that it is only in its infancy and going through an evolutionary period which is producing improvements nearly every day, and it now looks as if direct lithography through the use of stones is nearly one of the processes of history.

As in the baby process of printing by the offset method, so has letter-press printing progressed and improved in nature and quantity of product. The days of the pressfeeder, who fed the sheets of paper into the press (at the same time helping the paper mill to sort the paper by throwing out torn and imperfect sheets) are about over in that capacity. In place of these feeders automatic machinery is now used for the purpose, and the hand sorting above referred to is at an end through this source. Other improvements are constantly coming to the fore, all aiming at greater production and less dependence upon the human element.

From the foregoing remarks it will be noted the wonderful and rapid strides of progress which have been made to apply ink to paper for the purpose of spreading knowledge throughout the whole world of to-day as well as for posterity to read and ponder over as history of facts in the years to come. May I be permitted, if you please, at this point to call to your attention how wonderful it would be if we could refer to the printed page for historical events of the creation and early centuries and thereby positively prove or disprove the belief of some, that we, too, have gone though the evolutionary period resulting in development of man from monkey—the attacking of which ism is reputed to have been the cause of the death of one of our well known citizens within a year.

While all these improvements in machinery and equipment for the production of more and better printing has been in the making, you men of the paper industry have also been called upon to make improvements in your equipment and methods for producing more and better paper in order that the wonderful printing industry—for such it is—should become the fifth industry in the United States in volume and value of production. In this connection statistics tell us that the (may I say) artists of the printing industry are the highest paid of all mechanical artists, which seems to indicate those who are striving for better things in the industry through their untiring efforts, are reaping commensurate reward in money as well as in honor and glory.

The foregoing remarks give a picture of the amount of progress that has been made in the printing industry in the last three or four hundred years and it is really a fine and glorious feeling to think that each one of us in the latter part of the period, in our own particular field, has been a small contributor toward the great and noble success achieved. But we will be called upon to do greater things. Those of us interested in the manufacture of paper have to keep ever alert to the still greater improvements to come in the various branches of the printing industry, and be ever ready to cope with any and all of these improvements, for we well know that while we must have paper first, before printing can be produced, we must also make good, and even better paper that will stand the test of the uses for which it may be required in order that the printing art shall continue to be preservative of all arts.



Water is important in paper making. Two of its uses are here shown—bringing logs to the mill and providing power to run the machines.

Still Import Paper Which We Could Make

The total value of pulp and paper exports for 1925 exceeded $153,364,061, in addition to pulpwood valued at $14,168,-935.00. Of this the largest item was newsprint paper to the amount of 1,401,615 tons valued at $98,945,327. Canada also produces more than enough for domestic needs of book and writing, wrapping, coated, and felt papers, and boards. Exports of these lines is also growing, but much paper is imported which could be obtained in Canada.

Quebec Road Traffic Big

Traffic on provincial highways in 1926 shows an increase of 15.1 per cent. over the 1925 figures, the Roads Department of Quebec reports following the traffic census taken on 50 routes during the first week in August. The 1926 daily average over main highways was 831 vehicles of all kinds, as compared with an average of 722 last year. Horse-drawn vehicles show a decrease of 2.5 per cent.; autos an increase of 18.6 per cent. In tourist traffic, the increase this year is 16.1 per cent.

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PAPERBOARD HAS FOUND IMPROVED MARKET OF LATE

Demand This Year Shows More Strength Than in 1925

One of the groups of industries which comprise the pulp and paper industry in Canada is the manufacture of paperboard. Paperboard is simply the trade name for cardboard; its process of manufacture is practically the same as that of newsprint, except that, after the layer of pulp enters the machine, it travels more slowly and a thicker sheet is produced.

The Canadian demand for paperboard during the present year is considerably better than in 1925. The Canadian mills in the past have had to face severe competition from the United States, where the paperboard mills, when they experienced a decline in the demand for their output, ship their surplus to Canada and dump it at low prices on this market

However, production of paperboard in this country over the four years has shown a good increase, and the year 1926 promises to be a record one as far as production is concerned. Furthermore, the results of the increased production will doubtless make themselves seen in the income accounts of the paperboard companies at the close of the year's business.

The value of the exports of paperboard from this country over the past four years follows:

	Value
1926 (6 months)	$1,667,120
1925	3,170,869

While these figures show no great increase this year, yet they reveal the fact that the volume of exports is being well maintained.

Has Many Uses

The uses to which paperboard is put could fill a volume. Manufacturers use it for putting up boots and shoes, underwear, hosiery, cigarettes, candy and a thousand and one other uses. The consumption has shown a steady growth year by year, both in Canada and in the United States, and the development of the industry is one which has naturally followed modern merchandising methods. To-day, public sentiment now demands neatly packaged goods in sanitary containers. The growth of the industry may be judged from the fact that the combined consumption in Canada and the United States is nearly equal to that of newsprint.

As to the future growth of the industry in this country, perhaps the best indication of the possibilities may be judged from the fact that the per capita consumption of paperboard in the United States is 40 pounds per annum, while that of Canada is only 20 pounds. Here then, it would appear that there is a logical and inevitable development which will take place in this industry.

The demand for paperboard during 1926 has strengthened considerably. This has been due, no doubt, to the continued business expansion in the United States. Due to the nature of paperboard, or rather to the uses to which it is put, the market for this commodity naturally is quick to reflect any general increase in trade.

Many Canadian pulp and paper companies include in their output a certain proportion of board, but the one company which confines all its attention to the production of paperboard, and in which there is an investment interest is the Canadian Paperboard Company.

Continental Paper

Controlled by Parent Company in U.S. Which is Controlled by International

The Continental Paper Products is one of the largest manufacturers of paper bags and paper products in the Dominion. The company, however, does not manufacture paper. It operates a plant at Ottawa, Ont., and is a subsidiary of the Continental Paper and Bag Corporation, one of the largest manufacturers of wrapping and bag papers in the United States.

The latter company is in turn controlled by the International Paper Co., which owns 59 per cent. of its capital stock. The Continental Paper Products itself controls the Continental Wood Products Co., which own extensive timber holdings in the Province of Ontario.

Canadian investors are chiefly interested in the Continental Paper Products through its bond issue, which was placed on the Canadian markets a little over three years ago. The bonds of the Canadian company are guaranteed by the parent organization in the United States, and, therefore, the issue has the backing, not only of the parent company, but also of the International Paper.

Capitalization—

	Authorized	Outst'd'g
Common	$1,250,000	$750,000
Pref. 7%	750,000	725,000

The entire capital stock is owned by the Continental Paper & Bag Mills Corp.

Funded Debt—

First and collateral trust 6½% bonds, series "A," due Feb., 1943, $679,000.

Officers and Directors—

H. Elsas, pres.; L. Gosselin, vice-pres.; H. A. Miller, sec.; O. Shepherd, treas.; A. R. Graustein, I. Kuhe, T. Fynes, E. B. Sagendorf.

Profit and Loss—

Net earnings available for interest, depreciation and profits, taxes:

1919	$117,419
1920	152,146
1921	89,221
1922	105,089
1923	111,502
1924	139,761
1925	*26,155

*Deficit.

Abitibi's Output

It is generally thought that the newsprint production of the Abitibi Power & Paper Company will easily average some 520 tons daily when the company closes its books at the end of its fiscal year on December 31st next. Last year, Abitibi produced on an average of 500.5 tons daily, and in 1924, 488.2 tons. During the present year, operations have been maintained at capacity, and the company has cause to congratulate itself on its mill staff, who each month seem to create new records of production.

Despite the $5 cut in the price of newsprint during the current fiscal year, it seems a fair assumption that the company will at least equal its 1925 record of $11.1 in earnings available for each common share. All these favorable factors have, of course, already been discounted in the increased market price of Abitibi stock. The results which the company have, and are achieving, well warrants the general anticipation of an increase in the dividend rate to $5, or possibly $6 a share at some future date.

Mattagami Pulp

Property Passes Soon Into Hands of Mortgagor—Earnings Bettered

Since August 9, 1921, the Mattagami Pulp and Paper Company has been in the hands of the receiver, and since that date no interest has been paid on either the outstanding $1,760,000 six per cent., first mortgage bonds or the $3,925,000 seven per cent. debenture stocks. Thus, at the present time, the first mortgage over par, indicating that investors are looking to the final settlement of the many negotiations leading to the payment of arrears of bond interest. The property comes up for sale on October 11 next.

Many plans leading to the re-organization of the company have been formulated, but through one cause or another, these have been delayed. Probably there will be no further delay in the re-organization after the date which has been set for the judicial sale of the property.

Over a year ago, I. W. Killam, the largest individual holder of the debenture stock, which constitutes a second mortgage on the property, formulated a plan for the company's re-organization. This plan provided for the purchase of the property by the seven per cent., second mortgage debenture holders, and a new company to be formed, in which the entire issued capital stock would be distributed pro rata to the holders of the old debenture stock. The new company would then issue first mortgage bonds, or other securities, to provide for the liabilities ranking ahead of the debenture stock and also to provide working capital—arrangements were to be made for the direction and management of the new company, and if considered advisable, for a voting trust for not less than three or more than seven years, to control the administration of the new concern.

The Royal Securities Corporation had agreed to purchase from such a new company, on reasonable terms, the bonds or securities which would be issued to take care of the liabilities which rank ahead of the present debenture issue. A majority of the debenture holders have agreed to this plan of re-organization, but perhaps in view of the delay which has been experienced in connection with the official sale of the assets, it may be modified.

Although the company's mill has a rated capacity of 150 tons per day, during the past year it has been turning out as high as 190 tons daily, in order to take advantage of the bettered demand for sulphite pulp. Thus earnings have been increasing.

Capitalization—	Authorized	Outstand'g
Common	$5,000,000	$2,000,000
Pref. 7 per cent.	2,000,000	1,500,000

Funded Debt—

First sinking fund gold bonds, six per cent., due 1937, $1,774,000; interest due Nov. 1, 1921, and subsequently in default; convertible mortgage debenture stock, seven per cent., due 1949, $3,000,000. Interest in default Nov. 1, 1921, and since. Non-convertible mortgage debentures, seven per cent., due 1949, $935,000.

Officers and Directors—

D. Chisholm, pres.; S. R. Armstrong, vice-pres.; W. D. Ross, D. M. Robertson, E. P. Shove, S. Aldrich, R. F. Hammond, I. W. Killam.

Production—

Sulphite pulp, 200 tons daily.

A. P. W. Pulp & Power

A.P.W. Pulp and Power Company, of Sheet Harbor, N. S., has been in operation a little over a year and produces approximately 25,000 tons of groundwood pulp annually. The company owns large timber limits and has excellent water power resources. Its output is sold in New York. The pulp is all shipped by water from the dock. The company is a subsidiary of the A.P.W. Paper Company, of the United States.

The company is extending is plant somewhat and installing new and improved machinery.

Capitalization—	Authorized	Outst'd'g
Stock	$1,500,000	$900,400

All owned by the A. P. W. Paper Co.

Funded Debt—

First mortgage 7% bonds, series "A," due 1945, $800,000.

Officers and Directors—

Seth Wheeler, Jr., pres.; F. A. Gayford, vice-pres. and sec.; W. A. Wheeler, treas.; V. D. Bierman, E. H. Burton.

Production—

Daily capacity, groundwood pulp 80 tons.

St. Regis Paper

Will Probably Start Its Canadian Construction Shortly

It is understood that the St. Regis Paper Company may start active construction work on a newsprint mill of 400 tons daily capacity this autumn, but as yet, no decision has been made with regard to the actual date when work will commence.

The company has been granted a commutation of taxes for a period of fifteen years on its projected mills, which will be located at Cap Rouge, near Quebec, P.Q. The mills will cost $5,000,000, and are expected to be in operation by 1927. The company obtained the site for its mills at a cost of over $100,000.

It is interesting to note that this additional tonnage will not in reality constitute an increase in the total output of the parent company in the United States, for the latter has more than cut in two its original daily production of 400 tons of newsprint in the States, and has changed one mill over to the production of other grades of paper.

The St. Regis Paper Company of Canada is the Canadian subsidiary of a United States company of the same name. The company owns and leases valuable timber limits in the province of Quebec.

The fact that the parent company is more and more getting into the hydro electric power business in the States, indicates that for the future possibly larger expansion will be undertaken in this country.

Properties.—The St. Regis Paper Co. of Canada is a large producer of pulpwood with an annual capacity of over 100,000 cords. In addition to logging plants and equipment at Oscelanea and Godbout, Province of Quebec, properties of the company comprise freehold timber limits in the province owned in fee, or under contract to locate, aggregating $230,374 acres which, according to the report of independent engineers, contain over 2,500,000 cords of pulpwood. A site at Quebec is owned where a newsprint mill will shortly be erected.

Capitalization—

Capitalization of St. Regis Paper Co. of Canada, Ltd.:

	Authorized	Outst'd'g
Pref. stocks	$1,500,000	$658,600
Common stock, shares, no par value	100,000	......

Bonded Indebtedness—

6½ per cent. debenture notes, serial	$1,500,000	$1,425,000

The parent company operates in the United States under the name of St. Regis Paper Co., with authorized preferred stock of $5,000,000. This company controls the common stock of the Canadian firm and also controls 78 per cent. of the stock of Power Corporation of New York.

Newfoundland Power

Mills Brought to Capacity This Year—Project Cost More Than Intended

The Newfoundland Power and Paper Company was started originally as an investment of the Sir W. G. Armstrong-Whitworth Company of England. The works at Corner Brook in Newfoundland comprise the development of a water power site to produce 100,000 horsepower and a pulp and paper mill with a daily production of 400 tons of newsprint. The water power is situated at Deer Lake, some 30 miles from the newsprint mill at Corner Brook.

At first the company decided to place its pulp mill beside the power development at Deer Lake, but later the plan was changed and the mill, in order to save transportation costs, was located at tidewater.

But the change in plan necessitated a large increase in the capital outlay as the original capital had been provided on the basis of a complete and self-contained unit at Deer Lake. In addition, it soon became apparent that certain auxiliary works and utilities, such as an adequate scheme for housing the company's employees, would be required and thus the whole project cost more than was originally intended.

One example of this was the fact that the company had to purchase its own steamships to carry the paper from Newfoundland to the U. S. markets. The extra capital provided for the whole Newfoundland business, due to these and other causes exceeded £5,000,000.

The high cost of the project resulted in re-organization, and now the Armstrong-Whitworth Company owns only a little more than 50 per cent. of the ordinary shares plus large holdings of the preference stock and the income debentures which, incidentally, come after some other mortgage obligations. The mills were brought up to their full capacity during this year.

Despite the increased cost of the whole undertaking, the project has been carried out well, and the plant and equipment are all of the best and latest design.

Bleached Sulphite Pulp Mill at Edmundston, N.B.

FRASER COMPANIES
LIMITED

A Canadian Forest Industry

BLEACHED AND EASY BLEACHING SULPHITE PULP. Pulp mills at Edmundston, N. B., and Chatham, N.B., having a capacity of 42,000 tons per annum of bleached sulphite pulp and 16,000 tons per annum of easy bleaching sulphite pulp.

FINE PAPER. High grade paper mill at Madawaska, Maine, using bleached sulphite pulp from Edmundston mill, with a productive capacity of 20,000 tons per annum of high grade sulphite papers.

SPRUCE LUMBER. Annual productive capacity of saw mills situated in New Brunswick and Quebec, 124,000,000 ft. b.m. of lumber; 158,000,000 shingles; 200,000,000 laths; 100,000 railway ties.

HYDRO ELECTRIC POWER. Developed hydro electric power utilized in Edmundston mills of 2,000 H.P. installed capacity. In additional 20,000 H.P. has been contracted for from Grand Falls, N.B., development.

TIMBER AREAS. The company possesses large and readily accessible timber and pulpwood limits, 2,189 square miles in extent, in Quebec and New Brunswick. In addition, cutting rights are leased on 1,200 square miles of privately owned New Brunswick timber lands. Through a subsidiary, the company controls an additional 2,184 square miles of valuable timber areas in Quebec and New Brunswick.

NEWSPRINT PAPER. Utilizing hydro electric power from the Grand Falls development and pulpwood from the large areas owned by Fraser Companies and its subsidiary, the company plans to enter the newsprint manufacturing field through erection of a 250 ton per day mill, to be completed in 1928.

Cable Address: "FRASER"
Codes: A.B.C. 4th and 5th Edition, Zebra-Western Union

EDMUNDSTON, N.B.

Chief Investment Angle is Value of Forest Assets

Vast Acreage of Timber Land Backbone of Paper Industry

The backbone of the forest industries in Canada consists of timber reserves. From the investment angle, the pulp and paper securities should be viewed first of all in the light of the forest assets which the individual companies have behind them. Perhaps this feature of the art of investment in these securities is not so generally realized as it should be.

Recently, the Port Alfred, Wayagamack and St. Maurice companies purchased the last remaining accessible freehold timber limits in Eastern Canada. The purchase is significant in that it indicates that these companies are all looking to the day—and it is not far away—when accessible timber limits are impossible to obtain. They will have all been purchased or leased.

The chief feature about any company which is rich in timber limits is that in such an investment it has assets which, over a term of years, can not but fail to show an appreciation in value due to the rapid depletion of the forest areas in North America. The very fact that the newsprint industry on this continent is moving northward is due but to one factor: the richness, the availability and the size of Canada's forested areas, coupled with an abundant supply of hydro-electric power.

The acreage of the principal pulpwood areas in the world have been given as follows:

	Acres
Canada	546,700,000
United States	*430,000,000
Russia in Europe	387,200,000
Sweden	48,600,000
Finland	43,200,000
Germany	20,700,000
Norway	12,800,000

*Not including Alaska, with 90,000,000 acres.

Vast Areas In Parks

About 245,C00 square miles of forest land in Canada have been set aside in forest reserves or parks or otherwise permanently dedicated to forest production. Dominion reserves and parks cover about 45,000 square miles in Manitoba, Saskatchewan, Alberta and the area under Dominion control in British Columbia. The other provincial areas in square miles are as follows: Quebec, 174,000; Ontario, 23,000; British Columbia, 3,000.

Wood and Power Bring Industry to Success

The rapid growth of the industry in Canada, practically all of which has occurred within the last two decades, is of course due to the availability of cheap wood and the development of hydro-electric power. The greater part of Canadian production is sold in the United States, comprising nearly nine-tenths of our total imports and about two-fifths of domestic consumption. In the four years before the war, Canada sent an average of 130,000 tons of newsprint to the United States. It is now sending nearly ten times as much, or 1,295,000 tons, in 1925. The relatively low cost of production of Canadian newsprint, together with the large part which it has come to play in filling American requirements, has made Canadian paper the dominant factor in determining newsprint prices.

Donnacona Paper

May Undertake Further Developments — Many Alterations and Improvements Completed

The shares of the Donnacona Paper Company are largely held by insiders, but this year there have been some transactions in the common stock at around $57 a share. It is said that the company may undertake shortly new developments of some importance.

It is understood that the stock is mostly held in New York state and that the company has large contracts with the William Randolph Hearst Publications. There is the possibility that Donnacona might erect another paper mill at Port Rouge, P.Q., where it already possesses some water power developments and a small pulp mill. The company holds water powers which have an ultimate capacity of 24,000 h.p. Its plant is situated at the junction of the Jacques Cartier and St. Lawrence Rivers and the company controls most of the timber situated on the watershed of the former. Because of the favorable location of its wood supply, the timber reaches the mill at a minimum of cost. The mill is rated as a very efficient producer.

Two subsidiaries are operated: the Val Cartier Lumber Company and the Baie St. Paul Lumber Company. These have extensive timber limits further down the St. Lawrence. Early in 1927 it is planned to begin work on the hydro electric development on the Jacques Cartier river in the vicinity of Port Rouge.

Within the past year, the company completed many alterations and improvements, which have resulted in economies in operation. The real Canadian investment interest in the company centres on its issue of bonds, which is well secured to both by assets and by carnings.

Capitalization—

	Authorized	Outst'd'g
Common (Par $20.)	$1,500,000	$1,500,000
Pref. 7% (Par $100.)	2,000,000	1,675,000

Funded Debt—

First gold 6% bonds, due June, 1940, $2,871,500.

Dividend Record—

Dividends on preferred paid regularly from Apr., 1913, to Apr., 1914, none thereafter until June, 1917, when 1¾% was paid; Oct., 1917 to Oct., 1919, 1¾% quarterly; Dec., 1919, to Sept., 1920, 1¾% monthly, with the exception of June, 1920, when no payment was made; Oct. and Nov., 1920, 3½% each; Jan., 1921, 5¼%; Feb., Mar., June and Sept., 1921, and Jan., 1922, 1¾% each, and 1¾% quarterly thereafter. On common, Mar., 1921, 5%; June, 1921, 4%; Oct., 1921, 5%; Feb., 1922, May, Aug, and Nov., 1923, 2% each; Feb., 1924, 6%; May, Aug., and Nov., 1924, 2% each; Feb., 1925, 6%; May, Aug. and Nov., 1925, 2% each; Feb., 1926, 6%.

Officers and Directors—

H. P. Gould, pres.; R. P. Herman, vice-pres.; F. K. Kernan, vice-pres.; C. B. Rogers, sec. and treas.; L. W. Michael, asst-treas.; C. W. Pratt, H. S. Lewis, T. Spratt.

Profit and Loss—

	1924	1925
Gross sales	$4,147,453	$4,623,575
Cost of sales	3,612,565	3,795,017
Profit on sales	$ 534,888	$ 828,558
Other income	58,650	27,962
Total income	$ 593,538	$ 856,520
Deductions	129,622	164,054
Net profit	$ 463,916	$ 692,466

Nashwaak Pulp

The Nashwaak Pulp and Paper Company's plant is in Saint John, N.B., where 80 tons of sulphite pulp are produced daily. The company is a subsidiary of one of the American paper companies. The quality of the Nashwaak's output is favorably known in United States markets. The head office of the company is at Saint John, and the plant is at Fairville, N.B.

Capitalization—

	Outstanding
Preferred	$1,750,000

$850,000 of which is owned by the Bryant Paper Co. and Oxford Paper Co.

Funded Debt—

First mortgage six per cent. bonds, due 1936, $680,300.

Production—

Sulphite, daily capacity, 80 tons.

Your Guarantee of Paper Quality—

The "R" Shield Watermark on papers you use is our guarantee to you that great care and all the skill acquired over a period of forty years has gone into the making of each sheet.

By this very token has our SUPERFINE LINEN RECORD been the aristocrat, and regarded as the best bond paper, on the market since 1882. Order from your wholesaler.

SUPERFINE LINEN RECORD

A high grade all-rag bond paper for all commercial purposes—for forty years the standard by which all good papers are judged.

Makers of

SUPERFINE LINEN RECORD
EARNSCLIFFE LINEN BOND
EMPIRE LINEN BOND
COLONIAL BOND
SERVICE BOND
MOUNT ROYAL BOND

The Rolland Paper Company, Limited
High Grade Paper Makers since 1882
MONTREAL - CANADA
Mills at St. Jerome, P.Q., and
Mont Rolland, P.Q.

BROMPTON

Newsprint Paper
Kraft Paper
Fibre Paper

Container Boards
Pulp Boards
Groundwood Pulp

New 110 ton Newsprint Mill (under construction) at Bromptonville

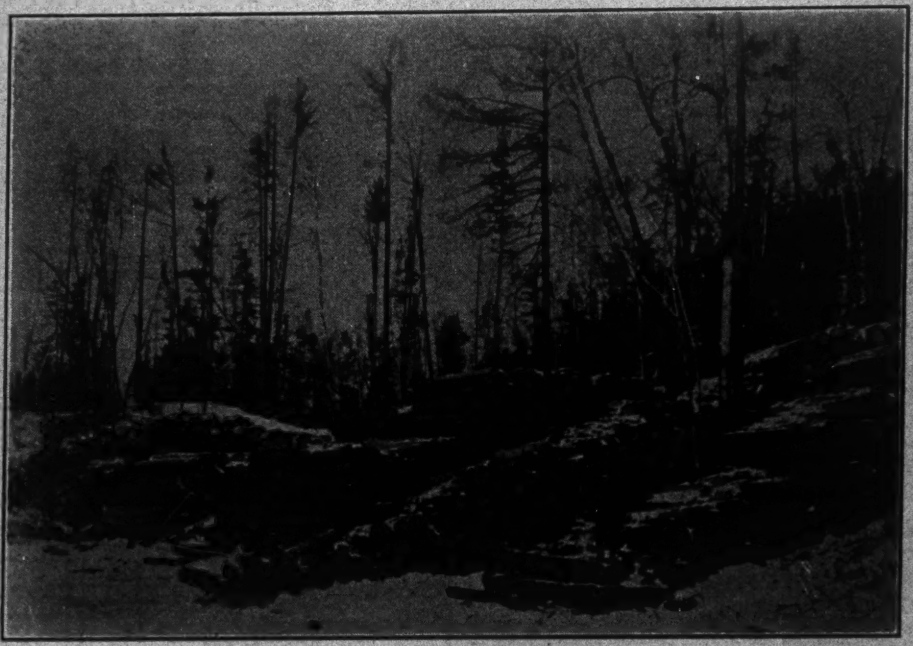
"Brompton Products are Made to Sustain a Reputation"

Mills and Executive Offices
EAST ANGUS, QUE.

Sales Department
DRUMMOND BLDG., MONTREAL

PULP & PAPER

Large Tracts Still Available Conveniently Served by Transportation and Power Facilities



SKIDWAYS ALONG THE MAIN ROAD

Resources Amply Protected to Assure an Unlimited Supply for the Future

ONTARIO

Pulp and Paper Industry

IN HER existing stands of pulpwood timber Ontario possesses an asset of incalculable value, and with a constantly enlarging demand. The government of the Province is fully alive to the importance of this industry and to the consequences of injudicious exploitation, and has definitely set itself to conserve and protect this great potential wealth.

While the demands of the forty-five pulp and paper concerns that are already well established in the province are enormous, as is evidenced by the fact that these mills have an annual capacity of 850,000 tons of pulp and approximately 700,000 tons of paper, the demands of these companies and even materially increased demands can reasonably be met without endangering the future. It is the wastage represented by forest fires, insect enemies and uneconomic operations of limits that is the only real danger. The government, with the hearty support of the existing paper companies, has set itself an energetic and definite policy of protecting these resources, and while it gives every encouragement to new enterprises, it is resolutely against any over exploitation of the industry.

While the paper companies at the present time are operating in Ontario proper, with ample resources in sight for very many years to come, even with the expected expansion in the industry, the Province has in reserve the District of Patricia, an area of 146,000 square miles that has only been partially surveyed. It is known, however, that a good part of this vast territory is covered by pulpwood stands, and the whole section is interlaced by rivers that will, in the future, provide not only easy access to the mills, but assure an ample supply of power.

Ontario's Pulpwood Resources

Total stand of Pulpwood in cords, over	202,000,000
Available under present conditions, over	125,000,000
Unalienated cords, nearly	120,000,000

Latent Power Resources Facilitate Development

THE progress of the Pulp and Paper Industry is largely dependent on hydro electric development. Fortunately, in this regard, Ontario is in a very enviable position. The entire forest area is interlaced with rivers and streams, well adapted for the running of logs in their long level stretches, and admirably adapted for power development in their cataracts. It is a notable fact that Ontario has potential power sites in virtually every section of the country, so that any undertaking has cheap power assured for all time to come.

The Province has a developed water power in excess of any other Province, of such extent indeed that it is not equalled by the power development of Africa, Australia and South America combined, and indeed is surpassed by few countries in the world. Though the progress in hydro electrical development in Ontario has been remarkable, there is still a vast amount of power resources available in easily accessible positions suitable for commercial uses. These resources still untouched represent a total about four times as great as that already in use. There are approximately 6,000,000 h.p. of electrical energy still awaiting development. These resources are in or adjacent to the great pulpwood areas. This fact in itself assures the future of the industry, for it permits the economic operation of vast tracts of territory that is as yet untouched, and assures Ontario's strong position in the matter of pulp and paper production.

The Government retains for the exclusive use of the people and the developed industries all water powers, declining to alienate them, but merely negotiating therefor on the basis of leases on such terms and conditions as are consistent with industrial requirements and the interests of the Province.

Protecting These Great Resources

The protection of Ontario forests from the ravages of fire is becoming steadily a more efficient system. The use of aeroplane patrol and fire tower outlooks with powerful and portable equipment for meeting fires as they arise, has done much to limit the damage arising from this cause. Experienced fire rangers under district supervision and the restriction of settlers' slash fires as to season have been important factors in reducing fire losses.

The various departments of the Government are always ready to supply information to bona fide enquirers, and every legitimate aid is given toward the continuance of existing and the encouragement of prospective industries within the province. Investors or industrial concerns, interested in the province, or considering possible location here, are invited to make every possible use of these services.

Department of Lands and Forests

Parliament Buildings
TORONTO

An Amazing and Growing Production

Ontario has forty-five great pulp and paper mills in active operation. These mills combined produce over a million and a half tons of paper and pulp annually. In newsprint alone the figures are staggering, but Ontario also produces the finer grades of book papers.

Canada's Pulp and Paper Industry Added $193,000,000 to Nation's Wealth in 1925

Output of Paper Reached Total of 1,885,000 Tons, Including 1,535,000 Tons of Newsprint

Canada's pulp and paper industry added $193,000,000 to Canada's wealth in 1925.

It added $158,000,000 to Canada's favorable balance in trade.

Canada produced in 1925:

5,092,461 cords of pulpwood;
2,772,507 tons of wood pulp;
1,884,705 tons of paper,
including
1,536,523 tons of newsprint paper.

A preliminary report on the pulp and paper industry in Canada for the calendar year 1925 has just been issued by the Forest Products Branch of the Dominion Bureau of Statistics. The industry as a whole includes operations in the woods with pulpwood as a product, the manufacture of pulp and the manufacture of paper, all of which are discussed in the report.

The total value of pulpwood produced in Canada shows an increase of 1.6 per cent. The total value of pulp manufactured increased by 11.0 per cent., and the total value of paper produced increased by 5.5 per cent. If the three forms of industrial activity covered by this report are considered as one, then the net total value of production for the industry as a whole may be considered as the sum of the values of pulpwood exported, pulp exported and paper manufactured. This net total for 1925 was $202,783,017, an increase of 8.3 per cent. over the total for 1924. These totals for the last six years are as follows:

1920	$224,414,131
1921	154,641,077
1922	158,483,377
1923	188,642,109
1924	187,174,703
1925	202,783,017

Peak Year Due to High Prices

The maximum, which was reached in 1920 owing to the high prices prevailing at that time, was followed by a decided decrease in 1921, but the figures for 1922 and 1923 show increases. There was a slight decrease in 1924 due to decreases in the manufacture of pulp. There was a general increase in all branches of the industry in 1925.

If the manufacturing aspect of the industry only is to be considered, the net value of production should be considered as the sum of the values of pulp made for sale in Canada, pulp made for export and paper manufactured, excluding pulpwood and pulp made in combined pulp and paper mills for their own use. This net total for 1925 was $193,092,937, as compared to $179,259,504 for 1924, an increase of 7.7 per cent. The total values of the manufactured products of the industry for the last six years are as follows:

1920	$232,032,227
1921	149,215,005
1922	155,785,388
1923	184,414,675
1924	179,259,504
1925	193,092,937

114 Mills in Operation

There were 114 mills in operation in Canada in 1925, as compared to 115 in 1924. Of these mills, 45 manufactured pulp only, 35 were combined pulp and paper mills and 34 manufactured paper only. During the year one pulp mill and one paper mill ceased to operate, and one new combined pulp and paper mill commenced production. The 80 mills manufacturing pulp produced 2,772,507 tons, valued at $100,216,383, as compared to 2,465,011 tons in 1924 valued at $90,323,972, representing an increase of 12.5 per cent. in quantity and 11 per cent. in total value. Of the total for 1925, the combined pulp and paper mills produced 1,654,549 tons valued at $47,803,623 for their own use in the manufacture of paper, 243,516 tons valued at $13,088,084 were manufactured for sale in Canada, and 84,442 tons valued at $39,324,676 were manufactured for export.

The sixty-nine mills manufacturing paper in 1924 produced 1,884,705 tons of paper, which with certain miscellaneous pulp products were valued at $140,680,177, as compared to 1,718,741 tons in 1924 valued at $133,395,673, an increase of 9.7 per cent. in quantity and 5.5 per cent. in value.

Newsprint 80 Per Cent. of Paper

Newsprint paper made up 81.5 per cent. of the total reported tonnage of paper manufactured in 1925. The newsprint amounted to 1,586,523 tons valued at $106,268,641, as compared to 1,388,081 tons in 1924 valued at $100,276,903, an increase of 10.7 per cent. in tonnage, and 6 per cent. in total value. Under the heading of newsprint in Canada are included newsprint in rolls and sheets for printing, hangings and poster paper. The reported newsprint production in the United States during the calendar year 1925 was 1,530,318 tons, but this figure does not include hangings or poster paper. When these two classes are deducted from the production in Canada during the calendar year 1925, the figure for comparison is 1,529,251 tons, showing that the Canadian production of this commodity has increased until it is practically equal to that of the United States.

Capital Invested $460,397,772

The total capital invested in the manufacturing part of the industry in 1925 was $460,397,772 as compared to $457,457,696 for 1924, an increase of 0.2 per cent. Only capital invested in mills operating in 1925 is included in this total.

The total number of employees on salaries and wages in pulp and paper mills in 1925 was 28,031, and the total pay roll was $38,560,905, as compared to $27,627 employees in 1924 with salaries and wages amounting to $37,549,528.

The apparent total production of pulpwood in 1925 was 5,092,461 cords valued at $62,181,537, as compared to 4,647,201 cords in 1924, valued at $57,777,640. Of the total production in 1925 about 72 per cent. or 3,668,959 cords valued at $48,012,602 were manufactured into pulp in Canadian pulp mills while the remaining 28 per cent. or 1,423,502 cords valued at $14,108,935 were exported to the United States. These figures show a decrease from 28.6 per cent. in 1924 to 28 per cent. in 1925 in the proportion of pulpwood exported. The quantity of pulpwood used in Canadian mills has increased by 10.6 per cent. during this period. There are no importations of pulpwood into Canada.

The total value of all materials going into the manufacture of pulp in 1925 was $55,573,720, and the total value of all pulp produced, including that made in combined pulp and paper mills for their own use, was $100,216,383.

The total value of all materials used in the manufacture of paper in 1925, including pulp made in combined establishments for their own use, was $68,271,304, and the total value of paper and miscellaneous pulp products manufactured was $140,680,177.

Export Balance Over $150,000

The exports of wood pulp from Canada during the calendar year 1925 amounted to 961,367 tons valued at $47,931,905, as compared to 781,983 tons in 1924 valued at $40,242,972, an increase of 22.9 per cent. in quantity and 19.1 per cent. in total value. During the same calendar year the imports of wood pulp were 468,458 cwt. valued at $1,274,542, showing a decrease from the imports of 1924 in both quantity and total value.

The exports of paper and paper goods during the calendar year 1925 were valued at $106,624,046 as compared to $99,248,497 in 1924, an increase of 7.4 per cent. These exports were made up chiefly of newsprint paper, of which 1,401,651 tons, valued at $98,945,337, were exported, chiefly to the United States. This represents an increase of 14.9 per cent. in the quantity and 8.7 per cent. in the total value over the 1,219,384 tons valued at $90,990,711 which were exported in 1924. During 1925 the total value of paper and paper goods imported was $9,142,177, a decrease over the imports for 1924.

The gross contribution toward a favorable trade balance resulting from the activities of the pulp and paper industry as a whole in 1925 amounted to approximately $158,308,167 being made up of the value of pulpwood exported amounting to $14,168,935, the difference between the value of pulp exported and pulp imported amounting to $46,657,363, and the difference in value between paper exports and imports amounting to $97,481,869. The total for 1924 was $142,323,594.

Production of Pulp and Paper Industry

Gross Production

	Total production Pulpwood cords	Pulp tons	Paper tons	Total gross value of production $
1920	4,024,826	1,960,102	1,214,951	334,987,904
1921	3,273,131	1,549,082	1,018,947	238,128,992
1922	3,923,940	2,150,251	1,366,815	242,768,725
1923	4,654,663	2,475,904	1,589,303	294,282,408
1924	4,647,201	2,465,011	1,718,741	281,497,285
1925	5,092,461	2,772,507	1,884,705	303,078,097

Net Value of Production

1920	$232,032,227
1921	149,215,005
1922	155,788,388
1923	184,414,625
1924	179,259,504
1925	193,092,937

Foreign Trade in Pulp & Paper 1925 Figures

Pulp Exports

Classes of pulp and countries to which exported	Quantity tons	Total Value
Total wood-pulp exported	961,367	$47,931,905
Mechanical pulp	360,205	10,573,273
Chemical pulp	601,162	37,358,632
To the U. Kingdom	72,187	2,523,349
Mechanical pulp	69,206	2,360,947
Chemical pulp	2,981	162,402
To the United States	823,857	41,587,300
Mechanical pulp	281,748	7,931,787
Chemical pulp	542,109	33,655,513
To other countries	65,323	3,821,256
Mechanical pulp	9,250	280,539
Chemical pulp	56,073	3,540,717

Pulp Imports

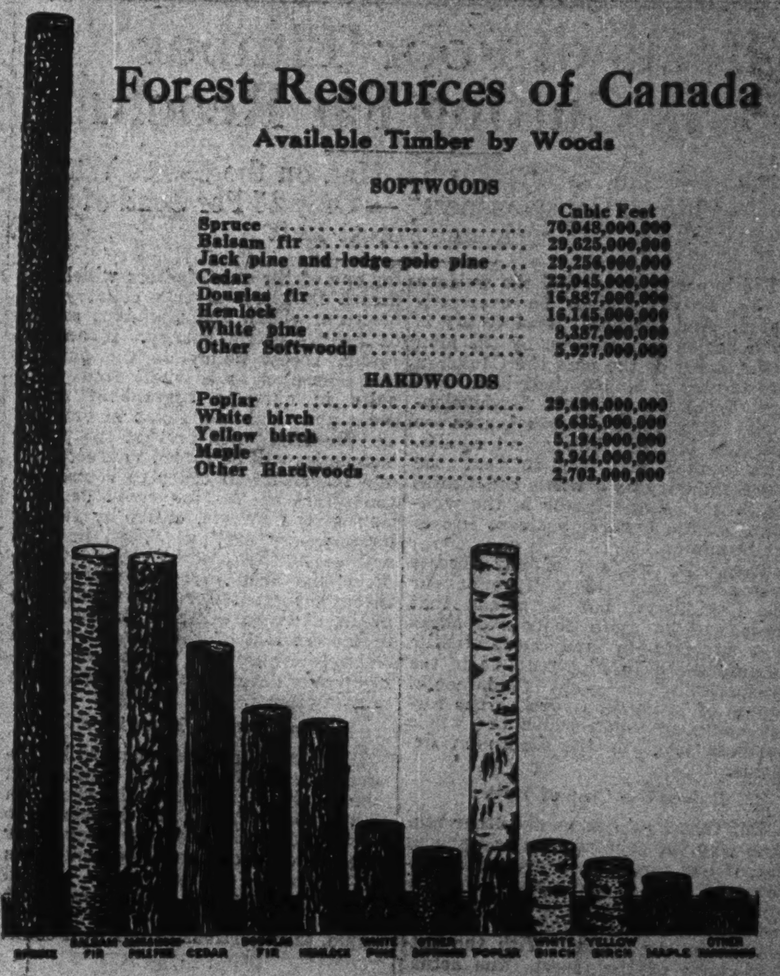
Countries from which imported	Quantity cwt.	Total Value
Total wood-pulp imported	468,458	$1,274,542
From the United Kingdom	13	68
From the United States	444,976	1,233,512
From other countries	23,469	40,962

Paper Exports

Kinds of paper and countries to which exported	Quantity tons	Total Value
Total paper and paper goods exported	......	$106,624,046
Newsprint	1,401,654	98,945,337
Wrapping paper	20,764	2,811,812
Paper board	......	3,170,859
All other paper and paper goods	......	1,696,038
To the U. Kingdom	......	3,442,119
Newsprint	19,830	1,418,678
Wrapping paper	6,196	899,245
Paper board	......	884,427
All other paper and paper goods	......	244,769
To the U. States	......	95,461,138
Newsprint	1,320,600	93,103,556
Wrapping paper	38	2,337
Paper board	......	1,954,221
All other paper and paper goods	......	401,024
To other countries	......	7,720,789
Newsprint	61,224	4,428,103
Wrapping paper	14,530	1,910,230
Paper board	......	332,211
All other paper and paper goods	......	1,050,245

Paper Imports

Countries from which imported	Total Value
Total paper and paper goods imported	$9,142,177
From the United Kingdom	1,165,023
From the United States	7,075,241
From other countries	901,913



Forest Resources of Canada

Available Timber by Woods

SOFTWOODS

	Cubic Feet
Spruce	70,048,000,000
Balsam fir	29,625,000,000
Jack pine and lodge pole pine	29,256,000,000
Cedar	22,045,000,000
Douglas fir	16,887,000,000
Hemlock	16,145,000,000
White pine	8,387,000,000
Other Softwoods	5,927,000,000

HARDWOODS

Poplar	29,496,000,000
White birch	6,635,000,000
Yellow birch	5,194,000,000
Maple	3,944,000,000
Other Hardwoods	2,703,000,000

New Records for Abitibi

This record business is becoming a habit with Abitibi Power and Paper. On Saturday, September 11, a new Saturday record was established when the paper mill turned out 549.58 tons of paper in 24 hours. The best previous Saturday was 542.23 on April 17.

The 12.00 to 8.00 shift also made a new record for that shift on Saturday, having made 183.61 tons as against 179.29 in April.

Newsprint Manufacture
A Basic Canadian Industry

The services of our organization are gladly placed at your disposal in the matter of providing information concerning Canadian newsprint companies.

The following are among the companies with whose financing we have been associated:

St. Maurice Valley Corporation
Belgo Canadian Paper Company, Limited
Fraser Companies, Limited
Port Alfred Pulp & Paper Corporation
Fort William Paper Company, Limited
The Anticosti Corporation
Ste. Anne Paper Company, Ltd.
Canada Paper Company

36 King Street West,
Toronto.
Telephone: Elgin 4321.

Wood, Gundy & Company
Limited

New Telephone Rates
to United States points

As a result of changes in Long Distance telephone rates in the United States, new tariffs on calls to United States points will be in effect October 1st next!

Evening rates on Station-to-Station calls to points in the United States will be in effect between the hours of 7.00 p.m. and 8.30 p.m. at 75 per cent of the day rate, and Night Rates between 8.30 p.m. and 4.30 a.m. at 50 per cent of the day rate.

We shall be glad to furnish further information concerning rates to any United States points.

Frank Kennedy, *Manager.*

150

COMPLETE METERING EQUIPMENT

BAILEY METER CO. LTD.
[illegible] ST. ANTOINE STREET
MONTREAL QUEBEC

Meters for Steam, Water, Air, Gas; Boiler Meters
Draft Gauges; Tachometers, etc.
BAILEY METERS

Effects of Poor Timber Cutting Far Reaching

Great Need is to Impress the Man on the Street With a "Forest Consciousness" — Only 27 Per Cent. of Original Forest Left

The importance of, and the welfare of the forests cannot be over-estimated. And the great need to-day is for a better appreciation by the man in the street of the part the Canadian forests play in his own individual welfare. What is required is the development of a forest consciousness so that the butcher, baker and candlestick maker may realize that the forest industry as a whole constitutes the largest single factor in the well-being of the general business life of the Dominion.

Thus, the welfare of our forests means not only the welfare of our forest industry, but it means that there will be more boots and shoes sold in Toronto and more textile manufactured in Montreal—it is the prosperity of a great fundamental source of production such as the forest industries upon which the whole business level in the Dominion depends.

Raises the Cost of Power

But then again there are other reasons why the conservation and proper use of our forests will eventually affect the man in the street. For instance, there is a close inter-relation between the forest and the flow of waters in our rivers. With the cutting down of the forests, the actual volume of water which flows in the rivers will not be reduced, but the flow will be the more variable. By shielding the snow from melting, by inviting and holding rain-falls, by certain effect upon evaporation, and by the character of the forest land itself, a definite and substantial regulating effect is exerted upon the flow of our rivers and lakes to the sea.

Thus it is certain that the welfare of our forests affects greatly one other fundamental industry, namely, hydro-electric power development. The problem of water power development demands as far as possible a uniformity of stream flow so that from one year's end to another the power plants will be able to develop and deliver an unvarying quantity of power. This constant flow of power calls for a more or less uniform condition in the run-off of our water, and if the forest areas, whether in their original form or as young growth, are not sufficiently conserved, the water powers will unquestionably suffer.

Handed on to Public

And the suffering of the water power companies will, in turn, be handed on to the man in the street, for one of the chief factors which has drawn industry to this country has been our cheap and abundant supply of hydro-electric energy. If an improper forest policy on the part of the Dominion as a whole finally results in extreme seasonable maximum and minimum flows in our rivers, the result will be that the power companies will be forced to erect storage reservoirs in order to counteract the effect of the too rapid destruction of the forests, either by fire or by improper cutting. This, in turn, will raise the cost of the development and then industry will suffer through increased rates; finally the public at large will be affected. It is in the interest of the Dominion as a whole to ensure that the cost of erecting power developments is kept down to a minimum.

Bad Results Elsewhere

The baneful effects produced by unwise forestation may be appreciated where it has taken place elsewhere. In China, for example, the forests have been completely cleared away over large areas and desert-like conditions have resulted where once existed fruitful valleys and forest lands. But to come near home. As another example, take portions of our own country such as certain areas in Ontario similar in character to the Muskoka area, where the disappearance of the forests, sometimes due to unwise lumbering, or by frequent fires, and the final washing away of the over-burden from the very-near to the surface rock, has resulted in a run-off of our waters in these territories very similar to that which takes place on the average shingled roof. The results are there so that he who runs—by in train—may read.

Booth Issued a Warning

One of the last interviews which the late J. R. Booth gave to the daily papers was in the form of a solemn warning against the on-coming timbering famine in the Dominion. And J. R. Booth is not the only one to have voiced these sentiments; many leading lumber men have expressed similar opinions often.

But, to-day, the big pulp and paper companies know full well the situation and are taking every precaution possible to insure that their timber resources are such that they may be assured a supply of raw material in perpetuity. The Laurentide Co. has been spending vast sums in reforestation and there are other companies doing the same thing. Others have increased their supply of timber holdings to the point where they may, by judicious cutting, only remove each year less than the natural increment of their forest areas. Again, all these companies spend a large amount on forest fire protection.

Amount of Loss

During the seven years between 1918 and 1924 the annual loss through forest fires amounted to 3,356,990 acres or the equivalent of 70 square miles. All the timber burnt in this area was, of course, not of merchantable value, but the average amount of the merchantable timber burned per annum during this period amounted to 4,640,000 b.f.; the average annual loss per annum amounted to 70 square miles of the forest area.

The average value per annum of the timber thus destroyed by fire amounted to $15,670,000 whereas the average cost of fire patrol amounted to $2,640,000.

The factors are too variable and uncertain to be able to give an estimate of the benefits which have been obtained through the annual expenditure on behalf of the protection of forests, but no one can say how far a fire would spread if it were not extinguished, nor can the value of the forest under protection be estimated.

Insurance Rate Too Low

The estimated value of the forests now in Canada amounts to $1,168,000,000. For the protection of this asset the country has been paying on the average during seven years $2,640,000 annually, or about one-fifth of one per cent. of the value of the asset. This, of course, is too small a percentage.

Of the original forests in this country, forest fires have destroyed 60 per cent., about 13 per cent. has been cut by the woodsmen, and the remaining 27 per cent. stands.

While the large timber holders and the Canadian universities realize the situation and are making special researchs into the ways and means of practical conservation, it seems that it will still be a long time before a proper measure of realization of the situation is brought home to the general public.

Paper Production by Provinces, 1925

The Pulp and Paper Industry, 1925

Kinds of paper by provinces	Quantity tons	Total Value
Quebec and N. B. .	940,172	$ 70,809,606
Newsprint	786,692	54,048,919
Book and writing paper	27,191	5,473,726
Wrapping paper	62,526	5,970,104
Paper boards ..	38,238	2,519,016
Other paper	25,525	2,353,657
Other products .	......	444,184
Ontario	782,057	$ 58,609,053
Newsprint	601,630	42,385,401
Book and writing paper	47,533	7,671,681
Wrapping paper	18,563	1,305,023
Paper boards ..	106,408	5,859,605
Other paper ...	7,923	1,312,016
Other products .	......	75,318
British Columbia .	162,476	$ 11,261,518
Newsprint	148,201	9,834,312
Wrapping paper	10,328	854,975
Other paper ...	3,947	572,231
Canada	1,884,705	$140,680,177
Newsprint	1,536,523	106,268,641
Book and writing paper	74,724	13,145,407
Wrapping paper	91,417	8,130,102
Paper boards ..	144,646	8,378,621
Other paper ...	37,395	4,237,904
Other products .	......	519,502

Forest Reserves Under Dominion Supervision

The Dominion government administers crown lands, including timber lands, in the provinces of Manitoba, Saskatchewan and Alberta and in the railway belt and Peace River block of British Columbia.

In all other cases timber lands are administered by the provinces in which they occur. On the area under Dominion control and in most of the provinces, only the right to cut timber is disposed of, the title to the land remaining in the crown, so that there are few privately owned timber lands other than farmers' wood lots. As new regions are explored, their lands are examined and the agricultural land disposed of. Absolute forest land is usually set aside for timber production, and the policy of disposing of the title to lands fit only for the production of timber has been virtually abandoned in every province in Canada. The ownership of forests by towns and communities, so common in Europe, is almost unknown in Canada, although efforts are being made to encourage the establishment and maintenance of forests of this nature.

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Suggestions on Request

Gatineau 600 Ton Newsprint Mill (under construction) — Canadian International Paper Co.

SPECIALISTS IN PAPER MILL CONSTRUCTION AND IN HYDRO-ELECTRIC POWER DEVELOPMENTS

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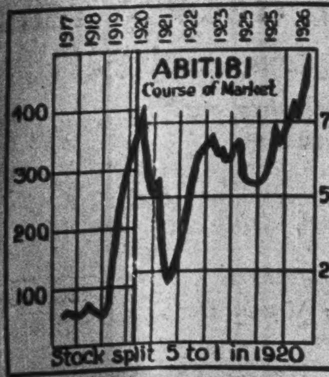
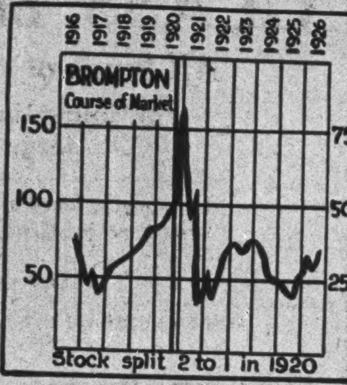
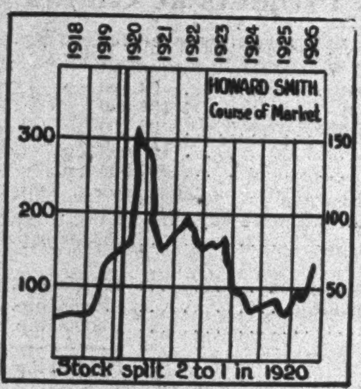
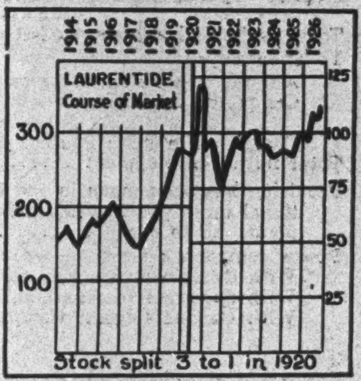
CONSTRUCTION ENGINEERS

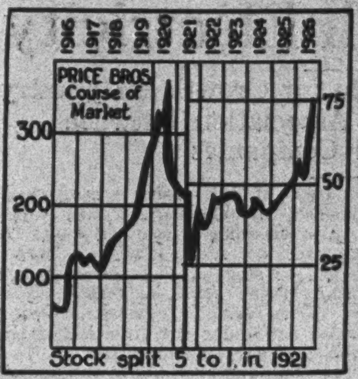
STOCK MARKET PRICES OF PAPER SHARES SHOW AMAZING JUMP IN 1926

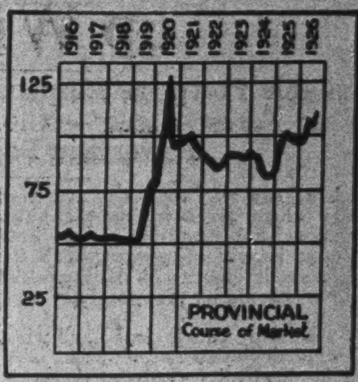


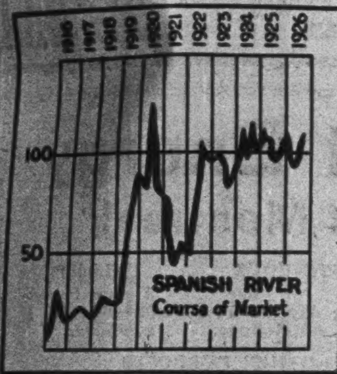


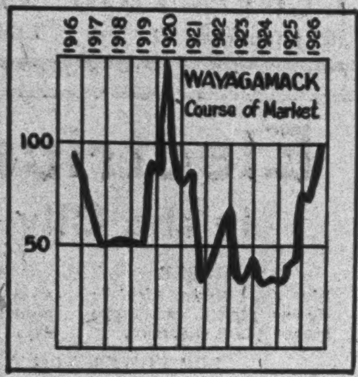












Newsprint Will Not Drop; Perhaps Rise?

Consumption Has Kept Up to the Tremendous Increase This Year — Will Autumn Demand be More Than Increased Capacity?—If so, Price Might Increase

From Our Own Correspondent.

MONTREAL.—At what price will newsprint sell in 1927? The present price is $65 a ton f.o.b mill, and the price concerns every shareholder in any newsprint company.

The present price went into effect on January 1 last, and the reduction made at that time has had but an insignificant effect upon the companies which have published their reports for the year ending June 30, 1926. In other words, apparently the price reduction has not affected earnings, but, on the other hand, as one of the most prominent newsprint executives in Canada pointed out to The Financial Post, the one and only reason why the earnings of the newsprint companies have not declined during the current year has been due to the fact that their operations have been conducted at the maximum capacity of the plants, due to the strong demand for newsprint in the States.

Up to Their Capacity

In 1925, some newsprint mills slowed up their production, and had a similar step been necessary during the current year, it would have had a very decided effect upon earnings. Or, to state the case the other way round, operating at full capacity for a full year, the Canadian newsprint mills can make money and at the same time take care of all charges for depletion at $65 a ton—but they can not do this at any lower price. Thus, it would be in the interest of the shareholders if prices should again advance five dollars a ton, and in this way some of the uncertainty which surrounded the industry as a whole at the beginning of 1926 would be still further removed.

Whether or not newsprint prices will move up at the end of the present year depends solely on the law of supply and demand. It seems assured that there is not the slightest chance of any price reduction. As the latter is assured, there seems more than a possibility of perhaps increased prices, but the latter depends, of course, upon whether the appetite of the Americans for newspapers increases faster than the increased production which is coming on the market.

No Drop is Agreed

In the meantime, the only thing which will serve as a guide to investors is the fact that newsprint men generally agree there is not the faintest chance of a reduction, but at the same time hesitate to predict an increase in the price level.

As the level of prices depends upon the supply and demand, it is worth while reviewing briefly how consumption has increased as compared with the increasing production of the North American newsprint mills.

Newsprint consumption practically equals production, and there are but few mills which have any real space for storage; as it comes from the machine so it is shipped the same day. Thus, to consider consumption, production figures will suffice.

During 1925 production on the North American continent increased 13 per cent. During the first seven months only of 1926, the increase amounted to 16 per cent., and it was this extraordinary large addition to the productive capacity of the mills which caused uneasiness in the minds of many newsprint shareholders at the beginning of the year. However, the consumption has kept up to this tremendous increase in the output—incidentally surprising a very high percentage of newsprint executives. So that, with the fall buying season which culminates in the usual Christmas rush, many believe that the newsprint demand toward the end of this year will be above the supply. This would be brought about by the seasonal increase in advertising this autumn in the U. S. newspapers. If this be so, bettered prices during 1927 are decidedly more than a mere possibility.

The Increased Capacities

Of course, more production is coming on all the time, and while the increased production which came on the market in the first seven months of 1926 consisted of a gain of 16 per cent., the projected and scheduled increase to come on the market between September 1 this year and June 30, 1927, amounts to 14 per cent. The latter, of course, is a large increase, but it is decidedly smaller than the additions made during the first half of the present year. With consumption equalling the present high levels of production, perhaps the autumn demand this year might bring bettered markets for the newsprint producers.

All this, of course, depends on the consumption of newsprint increasing at a normal—or perhaps an abnormal—rate in the United States. There is, however, nothing which indicates any reverse in the general level of business in that country, and so perhaps next year Canada may be in a position to demand improved prices for her output of newsprint. Contracts for 1927 will probably be made by the mills in November next.

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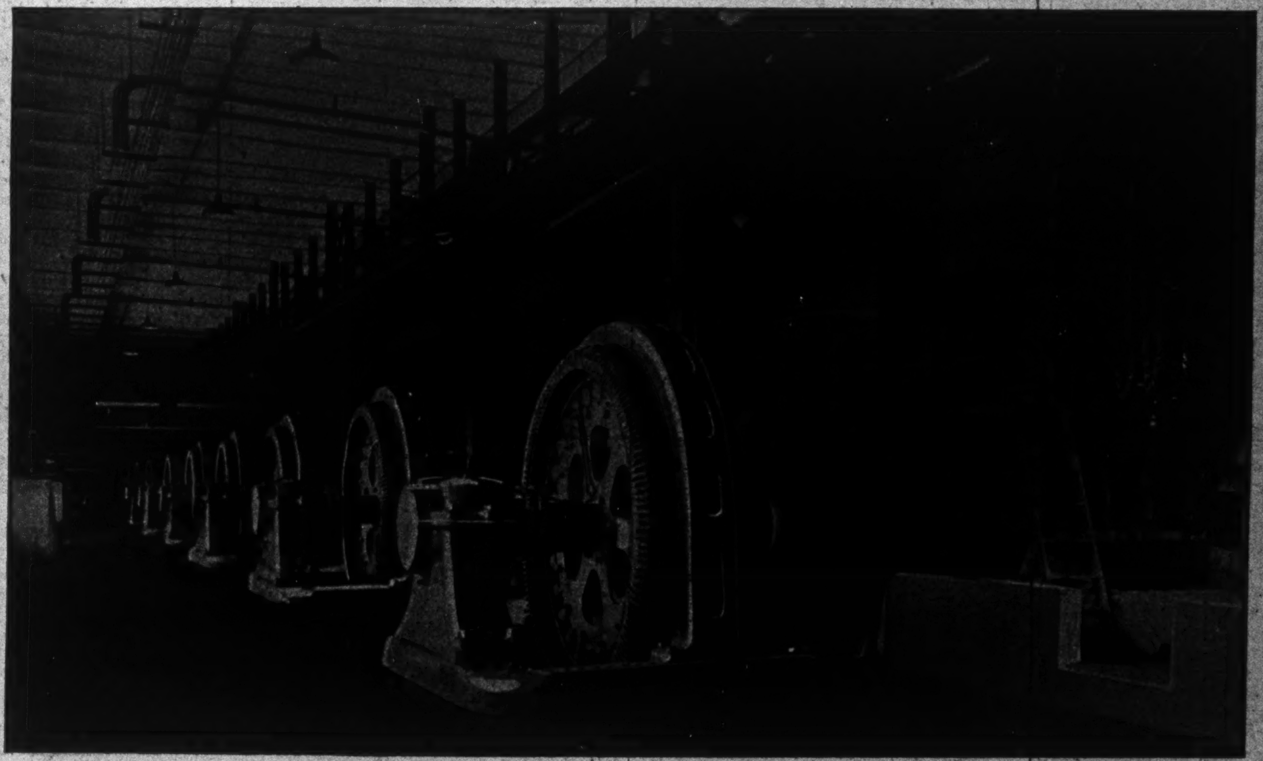

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Pulp and Paper Bound up With Electricity

Available Power as Responsible for Growth of Industry as Forest Assets — Close Association Between Power and Paper Companies

It has been said that it is not the forests which are bringing the pulp and paper industry to Canada, but abundant supply of power which in most cases is capable of development in close proximity to possible mill sites.

In a measure this is true—and with the rapid depletion of pulpwood supplies in the United States, Canada is being more and more depended upon to supply the demand for paper. With the constantly mounting cost of producing power from fuel, it is apparent that power for the industry must continue to be obtained in ever-growing proportions from water, and Canada is particularly favored in having her water powers widely distributed among her ample forests. As the consumption of pulpwood is rapidly increasing, it is apparent that settlements and water power developments will extend steadily northward. With the growth of population and the necessity of the pulpwood supplies, other uses for the power left available will be found and new developments completed farther north. Pulpwood and water powers are the chief factors in connection with the future expansion of our north country. While true conservation of water power depends upon its fullest development, continuity of supply depends upon the maintenance of suitable forest cover on the watersheds—this again emphasizes the necessity of adequate forest protection in the shape of protection against fire, pests and disease and also protection against improper cutting.

Many Power Projects

All this is amply evidenced in the two most recent power developments in this country, namely those of the International Paper Company.

This one company has recently incorporated two wholly owned subsidiary power companies in this country, namely the Saint John River Power Company, and the Gatineau Power Company. The former is to develop some 60,000 h.p. on the Saint John River and the power which is so developed will be used to operate two new newsprint mills in New Brunswick, one of the International Paper's and the other of the Fraser Companies'. This development will be completed by midsummer 1928.

The new power plants on the Gatineau river are to be completed sooner. The first development of over 200,000 h.p. will have its turbines operating by 1927 and because of its magnitude and the fact that it was started primarily to supply the International Paper Company's new Gatineau newsprint mill with power, the whole project is well worthy of review in any series of articles which endeavors to present anything like a comprehensive review of the pulp and paper situation as it exists in the Dominion to-day.

Two New Plants First

The Gatineau Power Company, early in 1927, will have available at Chelsea 131,000 horsepower and 92,500 horsepower at Farmers Rapids. The production of both plants will be capable of being increased by 25 per cent. simply by the addition of one new generating unit in each plant. Both these sites are practically next door to the city of Hull.

Before the end of this year, construction work will begin on another development at Paugan Falls; this plant will be in operation before the end of 1928 and will produce a further 150,000 horsepower which, added to the 24,000 horsepower which is presently being generated at the company's Kipawa plant, will make a grand total of 397,500 horsepower before the end of 1928, which will be available from the company's projects.

Perhaps a Greater Output

But this is not all, for the Gatineau Power Company has long term leases upon water power sites with a total potential capacity in excess of 700,000 horsepower; possibly, before the initial development of 397,500 horsepower is completed, the company will undertake even further developments which cannot fail to bring prosperity to the valleys of the Ottawa and Gatineau rivers. The strategic centres of these two rivers are, of course, the cities of Hull and Ottawa. To them will accrue, of course, much of the benefits of the immense projects.

In order to obtain a better picture of the magnitude of the Gatineau power developments, it is necessary to compare the initial output of the new company, 397,500 horsepower, with the total amount of horsepower installed, controlled or purchased by the Shawinigan Water and Power Company, the largest privately owned power company in Canada and one of the largest in the world. In all, Shawinigan sells 550,800 horsepower. So that, it can be seen that the developments now taking place in and around Hull are comparable in magnitude to any hydro-electric deevlopments anywhere.

Cost of Developments

Probably the cost of the projects now being erected will run to around $50,000,000—but the grand total will be far in excess of this figure.

The new Chelsea power plant is located some seven miles, and the Farmers Rapids some six miles, north of Hull. The Paugan Falls project is about 20 miles further up the Gatineau river. The latter joins the Ottawa just below Hull.

There is an interesting feature in connection with the development of which little has been written. This is the erection of a storage reservoir at Bitobe, about 116 miles north of Chelsea. Here, to provide against low water periods or dry seasons when the flow of the water is greatly curtailed, the Gatineau Power Company is erecting a storage dam. A lake will be created with a water surface of some 64,000 acres; it will contain more than 82,000,000 cubic feet of water. This work is being carried out under the direction of the Quebec Streams Commission.

The drainage area above the dam is about 6,200 square miles and thus, during the spring freshet seasons, the water will be retained; during periods of low water, it will be released to provide a minimum regulated flow of lower river waters of 5,000 to 10,000 cubic feet per second.

Benefits to Accrue

How vital and how useful is this work may be judged from the fact that the new regulated flow of the river will be about three times that of the normal low water flow. This the power plants will be enabled to turn out a steady stream of energy which will neither vary from month to month nor with the periodic changes in the level of the waters of the river.

At Chelsea, the new dam will give a head of 93 feet of water; at Farmers, the dam will provide a head of 68 feet.

The Gatineau Power Company's contract with the Hydro Electric Power Commission of Ontario, which alone will take over 70 per cent. of the available primary power, covers a period of 30 years. The commission will purchase 80,000 horsepower during the 12 months beginning October 1, 1928, the amount increasing annually thereafter until a maximum of 260,000 horsepower during the 12 months beginning October, 1931, is reached; the latter rate is maintained throughout the life of the contract.

The Canadian International Paper Company has also contracted to purchase a minimum of 74,000 horsepower for 30 years to be used at the new Gatineau newsprint mill and the Kipawa Pulp Mill.

The plan accompanying this article shows how the Chelsea and Farmers Rapids developments will be carried out.

A Close Association

All this is simply evidence of how closely linked up with the pulp and paper industry is the hydro electric development in the Dominion. The reason for the close association between the two industries lies in the fact that it takes practically 100 horsepower to make one ton of paper per day. Thus the indispensability of an abundant supply of low-priced power at once becomes apparent. In any industry, the relative necessity of obtaining cheap and adequate power may be gauged by the amount required per dollar value of the products and, with the possible exception of certain electro chemical and metallurgical processes, the requirements for the manufacture of pulp and paper rank among the highest. It is, therefore, little surprise that over 90 per cent. of the motive power in this industry is derived from the energy of abundant and advantageously located waterfalls.

How the Power is Used

It might be of interest to ascertain just how this 100 horsepower per ton of wood per day is spread over the manufacturing of pulpwood into paper. One well-known Canadian mill uses on an average about 73 horsepower for each ton of mechanical pulp produced, 67 horsepower of which is for the production of grinding alone. The production of sulphite pulp for mixing with groundwood requires between 8 and 9 horsepower per ton of daily output—in some other mills as high as 30 horsepower is used per ton of sulphite pulp produced—while the conversion of the pulp into newsprint requires about 12 horsepower for the same unit of current.

As the mills in this industry usually operate a twenty-four hour day, it will be seen that because of the high load factor—this means no time of peak or off-peak power—the power is secured as a rule at a very low cost. This is due to the fact that the capital expended in hydro-electric development remains constant, whether the plant operates ten hours per day or twenty-four. Because the companies can obtain such a low rate for power when there is a continuous load, this has resulted in many of them utilizing their off-peak power in the productior of steam for pulp cooking, drying, heating and similar uses.

Power Installation

Because of the rapidly increasing importance of the pulp and paper industry in the development of commerce and the séttlement of the country and the part which this industry plays in the water power resources of the Dominion, the Dominion Water Power Branch of the Department of the Interior, Ottawa, has conducted special studies in this connection and has gathered much information on power installation and requirements of pulp and paper mills operated by water power or by purchased hydro-electric energy. This government department says that, due to the elasticity of electric power, those mills which in the past have used hydraulic power are rapidly changing over to the use of the former energy. The advantage of this conversion to electricity appears both in the quality of the product, which is improved by the uniform speed attained, and in the fact that under modern methods of transmission it is possible to develop power at one or more sites more or less remote from centres of labor and transportation and to transmit it to points where these commodities are available for mill operation and for providing supplies of raw material and conveying the finished product to the market. The best modern practice of pulp mill construction provides for the development of the mill and power sites as separate projects, that is, the site of the mill is selected from the point of view of operation and transportation, whilst the power station or stations will be placed probably in positions unfavorable to mill construction. The use of steam as a source of power in this industry is limited and in many cases is prompted by special conditions, such as operation in close connection with the manufacture of lumber, when the refuse from the latter may be used as fuel for the boilers. The steam power installation in pulp and paper mills is less than 10 per cent. of the total installation in the Dominion.

Further evidence of the intermingling of the power and paper industry is seen in such companies as Laurentide and Abitibi. The former controls the Laurentide Power Company with its large development at Grand'mere, P. Q., whilst the latter develops for its own use well over 100,000 h.p. in all. Then, too, there is Price Brothers, with its interest in the Duke-Price Power Company and the large group of newsprint producers in the valley of the St. Maurice river where they located for the one reason that there was an ample supply of power ready to meet their demands.

New Gatineau Power Projects at Glance

Total available horsepower at company's power sites, over	700,000 h.p.
To be developed:	
Already completed: Kipawa plant	24,000 h.p.
Completed in 1927: Chelsea plant	131,000 h.p.
Farmers' plant	92,500 h.p.
Completed in 1928: Paugan plant	150,000 h.p.
Total initial development	397,500 h.p.
Provision has been made in the Chelsea and Farmers' plant for additional units which would bring the ultimate capacity of the three plants up to over	453,000 h.p.
Power contracts already closed:	
With Ontario Hydro Electric Commission	260,000 h.p.
With Canadian International Paper Co.	74,000 h.p.
With Canada Cement Company	3,000 h.p.
	337,000 h.p.

Initial daily capacity of new Gatineau newsprint mill, 600 tons.

Holdings of Canadian timber limits to supply this and other International Paper plants, over 10,000,000 acres.

Municipal Spending Without Vote Sends Taxes Mounting

(Continued from page 10)

owners of property directly benefited, only if those property owners petitioned therefor. But now, a council may initiate and proceed with a work, to be blocked only if there is a petition of objection with a requisite number of signers. It is a convenient means of foisting on a group of property owners an improvement in which they have only an indifferent interest. Then there is what is called a forced local improvement. This is designed to prevent a recalcitrant group of property owners from blocking another group from enjoying an improvement desired. But it could be used, and probably has been used, as a method of browbeating the reluctant group into buying something they do not want, and do not require.

An even greater evil which can develop under the local improvement act is to saddle on the community as a whole a large proportion of the cost of a sewer or pavement which is built on the so-called local improvement plan, and which, as such, is not required to be submitted to the ratepayers for their approval. The result of this practice is to compel property owners to help pay for an improvement which does not benefit them or their property in the slightest, and which, by adding to the debenture debt of the community, may make impracticable the building of schools or other works which may be essential and which would benefit all.

Sewers generally are built on the local improvement plan, so called. If an engineer, as the technical adviser of the council, estimates that the average cost of laying a sewer is going to be eight cents the foot, the council probably will fix that rate as a frontage tax. The corporation, of course, has to bear its proportion of the cost for exempt flankage on corner lots and for street intersections, and so forth. There usually is also a general debenture intended to cover—but it seldom does—the cost of installing a disposal works.

When the job is all done, four or five years after the start, and after various extensions and changes have been authorized without reference to the people, it will be found that the eight per cent. rate is far from sufficient to cover the average cost of laying trunk and lateral sewers. Thus, the taxpayer is saddled with a far greater sewer expense than was promised, although the system enables the council to conceal the added cost in the general tax rate.

Extravagance Forerunner to Bankruptcy

Improvements are essential to progress. But extravagance is the forerunner of bankruptcy. And the latitude allowed municipal councils under the local improvement act leads to extravagance, while the statute only intended, it is hoped, to promote progress. After all, the taxpayers, the property owners, in any community should be the arbiters of the destiny of their community, the old system of referring money by-laws to them at the November or January elections seems to have been entirely proper check for elected officials. Councils are to spend only the year's income of the community. Under the municipal laws at present existing or interpreted councils often spend a large proportion of the income of many future years.

Give Ratepayers Chance to Vote

It is suggested that the situation in Ontario in large part might be remedied if the municipal act were amended so that every dollar of debt contracted under the local improvement plan must be chargeable against property benefited, and none of it made a charge against the general rate unless specifically approved by the ratepayers at a special or regular election. Such a safeguard would not retard the progress of any progressive community, and it would lessen the tendency of municipalities to exceed their safe debenture limits.

There are some changes which might be made in the law concerning the administration of schools, with a view to fixing more definitely on the school trustees their responsibility for the financing of their important branch of municipal and public service.

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VALUE APPRAISER OF REAL ESTATE MUST BE CAREFUL

Law Holds Him Responsible For Incompetence in Valuation

The professional appraiser of real property is, in English law, financially responsible for loss sustained by his client through his carelessness or incompetency in making a valuation, according to a series of recent English court decisions which have been reviewed for the National Association of Real Estate Boards by J. G. Head, of the Auctioneer's and Estate Agents' Institute of London, recognized British professional organization concerned with the operation of real property.

Because of the body of common law equally accepted in England and America, the English construction of the appraiser's responsibility has a direct application in this country, it is pointed out.

The valuer, of course, does not guarantee that the property he has been asked to pass judgment upon will sell for the amount of the valuation he places upon it, nor is he responsible for unexpected turns which may affect its value, the language of the English decisions makes clear. But the principle laid down by the English courts goes beyond the ordinary statutes relating to fraud. It holds the man who offers his service as a trained appraiser responsible for the bona fides with which that service is undertaken and carried out.

Extent of money damages in case of misappraisal is determined by the principle of assessing, so far as can be assessed in money value, the sum necessary to place the client in a position as favorable as he would have occupied had the valuer used due skill and care in arriving at his advice.

Even where acting gratuitously, the valuer, in English court principle, is responsible in the same manner as if he had received a fee, it being considered that he is bound to respect the confidence reposed in him, and that the "gratuitous" service is rendered to his client for consideration, although that consideration may be expressed in terms other than those of monetary reward.

The decisions quoted have been made notwithstanding the entire absence of specific legislative provision, the analysis points out. They have been based on the common-law recognition of good faith as the touchstone of an honorable business transaction.

Valuation Implies Competence

Gross incompetence is the first important ground for liability of which account is taken by the English law. Undertaking to make a valuation implies reasonable competence, the courts have held.

"No amount of care on the part of a man ignorant of the subject will be deemed a justification of his having undertaken the work of valuation, for in so doing he has given an implied assurance that he is qualified to carry out his bargain," Mr. Head's analysis points out.

"A valuer is expected to have or to acquire a knowledge of acts of parliament which apply to the property he is considering.

"He is expected to know or to make himself acquainted with the local bylaws and regulations governing the district in which the property is situated. It is looked upon as part of his ordinary professional equipment that he should be aware of the current scale of prices and their permanence of variation over such a period of time as may afford him a reasonable basis for the advice he tenders to his client. In short, he is a specialist, and is expected to possess just that special knowledge which is lacking in the lay client."

Must Inspect Interior

Further, no degree of competence will excuse neglect, as for instance an omission to ascertain particulars which may be an important factor in the valuation, the English court decisions take as their principle.

For example, a valuer who looked at the outside of a property but who failed to inspect the interior, has been held not to have used due care, and has been mulcted in damages accordingly. In a second case cited a valuer had reported for mortgage purposes upon a property with which he supposed himself well acquainted, and which he had neglected to visit for the specific purpose of the appraisal. He was held responsible by the court for injury caused to his client by reason of a bad state of repair in which the property was subsequently found to be.

"Again from the valuer is due entire loyalty to his client's interests," the report states, as the third essential of appraisal responsibility. "But here a note of warning must be sounded. It is not meant that the valuer should strain his valuation in his client's favor. To the community at large he has a general responsibility for doing the fair thing.

"His report, therefore, should be nothing but a clear statement of the conclusion reached by him from the facts. Should any distortion occur it would not only vitiate entirely the usefulness of his valuation and lay him open to censure, but it would reflect injuriously on the reputation of the whole profession."

Does Not Guarantee Sale Price

Specific explanation was made by the court in the case of Harrison v. Stephenson and Alexander, Glamorgan Assizes, 1905, that "A surveyor who makes a valuation—does not guarantee that the property will fetch so much. He says, 'This is my opinion. I am a skilled man and you can rely upon it. That is my opinion for what it is worth.'

"Unless you can make out that he has not taken some pains that he ought to have taken you cannot bring an action against him for a mere error in judgment."

Manitoba Now Grows Hemp

Manufacture of twine and cordage products from Canadian grown hemp is being successfully demonstrated in Manitoba. Between 400 and 500 acres of hemp in the Portage La Prairie district are at present being harvested. The hemp has been grown as a result of the activities of the Manitoba Cordage Co. and is required as the basic material from which the company will manufacture twine and kindred products.

Careful Investing Will Safeguard Our Future

By PROF. R. R. THOMPSON, M.C., A.C.A., C.A.,

Professor of Accounting, McGill University. Address before Canadian Society of Accountants.

There is little question that the greatest problem facing this Dominion is that of increasing its population. Canada wishes to retain her native-born population, many of whom are drawn south of the line by the tempting offers made by the highly developed industries of the United States. She wishes settlers from the British Isles; there are probably several million people in those isles who would settle in Canada if they saw their way to make a living here. Canada can provide farms for these people, but the majority of them are town dwellers, and although it is astonishing how large a number of British settlers brought up to city and factory life have become successful Canadian farmers, yet the majority would need special training for farm life.

Push Industry Ahead

In the first development of a country, immigration must come first, but Canada some time ago reached the stage when her industries began to develop so that she entered seriously into export trade. As this Dominion is developed industrially so will she retain her own sons, and also be able to absorb more and more of the skilled work-people and of the great middle class of the British Isles. These people are steady, hard-working and patriotic; and they have shown the world that they are not Bolshevik. I believe them to be the best citizens Canada could wish for. The more rapidly we can achieve this industrial development, the sooner will our National Railways begin to pay, and the sooner there will grow up in this country a great native market for our farmers. I submit that it is the duty of all of us to do everything that lies in our power to further the widest and steadiest development of Canadian industries that is possible.

How can this be helped forward?

Duty to Invest in Canada

Firstly, I think that it is the duty of every Canadian to be reasonably economical in his private expenditure, to save as much as he can, and to invest his money carefully in this Dominion. But the investment must be made carefully. A Canadian who fails to make proper enquiry, and so allows himself to be drawn into purchasing stock in a wild-cat scheme in Canada, is encouraging something which will retard the development of his country. It is our duty to make careful enquiry before we invest money. There are many reputable firms of stock-brokers, whose judgment and advice can usually be relied upon. Some of our periodicals set themselves out to give sound advice to the investor. Several of our great banks I believe are prepared to give advice on investments, and some trust companies will do the same. Would it not be wise to take the advice of concerns that are vitally interested in the permanent welfare of Canada?

Before I leave the matter of investment by purchase of stocks or bonds, may I call attention to three matters which show the necessity for careful enquiry before an investment is made?

Non-voting Stocks Condemned

The first: Some concerns are issuing common stock which has no voting power. In other words, common stock holders surrender their control of the company right from the start. It is a dangerous practice, and it throws the door wide open for grave abuses. It is absolutely opposed to our democratic British idea that, as a general principle, the ordinary shareholders, the owners, the people who take the greatest risk, should have the government of the company in their own hands. Under this plan they surrender their rights to some small financial aristocracy. I would never advise anyone to purchase non-voting common stock. I know that many shareholders do not exercise their voting powers; this is true also of many of the ordinary electorate, but it would be the same thing to take away voting power from an electorate as from the ordinary shareholders of a company.

At this point, may I say that it is every Canadian's duty, if he can do so, to attend and vote at shareholders' meetings.

Who Should Appoint Auditors?

The second matter is to point out a great difference between the company law of the United States and that of Canada, which should always be borne in mind by the careful investor. Throughout Canada we follow the usual British practice of having the auditors appointed by and entirely responsible to the shareholders, and to no one else; so that the auditors are as free as possible from undue influence, so that they can say what they think fit in their reports, and so that the shareholders can see these reports, whether they are adverse to the directors and management or not. In the United States, it is the rule for the directors to appoint the auditors, and for the auditors to be responsible to them. The practice is dangerous, because it makes fraud on the part of directors more easy.

Better Chance in Canada

For this reason, and apart from patriotism, I think Canadian investors would be wise to keep to Canadian companies. Doubtless the majority of American companies are perfectly sound financially, but you have much more chance of being sure of a Canadian concern than you can have of an American, because of the method of appointment of auditors.

Coupled with this is the witholding from shareholders of the financial statements, which Canadian law requires to be given to them.

The third matter has to do with shares of no par value. These shares represent a fractional interest in a company, and accordingly should have a value which should appear in the balance sheet. The majority of them probably are quite good (I hold some myself) but always remember that doubtful manipulations can be made easily by means of these shares A United States concern recently had outstanding over $15,000,000 of bonds, each bond of a par value of $100. The ordinary shares were paying dividends, and were valuable. The bond-holders agreed to accept as payment for each bond a number of these ordinary shares of no par value. Now I contend that those no-par-value shares should have been shown in the balance sheet at their true value, which presumably equalled the total liability on the bonds, $15,000,000. But no—this company put a fictitious value of ten cents per share on their no-par-value shares, and so according to their records the holder of a $100 bond agreed to accept no-par-value shares worth about $2.89 in discharge of that liability. In other words they paid off $15,000,000 with $43,000 odd. That left a large credit balance of nearly $15,000,000, the remains of the liability to the bond holders, which credit balance they transferred to surplus, and so transformed a liability into a profit.

I would always regard the stock of such a company as too risky for a man like myself.

I have not time to go into other practices, but I mention these things to stress the necessity for careful enquiry before investment.

Exporting Will Enlarge Wealth

The way to attract and keep capital in the country is to take care of it, and to take care that its investment results in steady dividends. The wider selling area covered by a country, and the greater the diversity of the goods it sells, the more likelihood is there of a steady market for its products, and for a steady return on its invested capital.

I have made a number of enquiries recently from many men who are studying Canadian commerce daily They told me that the Canadian export trade of manufactures is increasing and extending in a most hopeful fashion. We are exporting as much with a population of 9,000,000 as the U.S.A. did with a population of 90,000,000. In 1910 Canada exported to 69 countries. In 1925 she exported to 110. 44.4 per cent. of the total exportation was within the British Empire. The fully manufactured goods were 40 per cent. of the total exportation.

We want more Canadian and Old Country capital invested in Canada, but we want it carefully and securely invested. A recent issue of nearly $9,000,000 of Anglo-Canadian Pulp & Paper stock on the English market was subscribed for forty times over. Old Country investors are willing to send their millions over to Canada if only they are reasonably sure that we will take care of them for them. They have heavy debts to pay, and cannot afford to risk their savings. If they see that we are thrifty and are investing carefully our own savings in Canada, and if Canadian investments pay steadily, we will be able to get all the extra capital we need from the Old Country. But we must take care of all capital invested here. We must watch our expenses and extend our trade.

CPTC

The Canada Permanent Trust Company

OFFERS you the comprehensive service of an organisation which has the confidence of a clientele extending from coast to coast. With branches throughout the Dominion, and a board of Directors of wide experience and conservative methods, this company enjoys continued growth in public appreciation.

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CANADA PERMANENT BUILDING TORONTO

18

1926 MITCHELL METALCRAFT 75th YEAR JUBILEE YEAR

METAL FITTINGS

that express the quality and dignity of the institution they are to serve, are the product of Mitchell Metalcraft.

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MONTREAL

What is Saskatchewan?

SASKATCHEWAN is not only the heart of the Canadian Prairies, but the magnitude of its cultivable area, its accessibility and reproductive qualities represent a source of wealth, prolific as it is inexhaustible.

SASKATCHEWAN means 242,808 square miles of land and nearly 9,000 more of water which is more than double the combined area of Great Britain and Ireland.

SASKATCHEWAN contains over 70 million acres of the choicest agricultural land on earth. So far only one-third of these priceless acres have been improved but their productive fame is attracting vast numbers of experienced farmers who are staking their all in the future of this Province.

To date the resident population exceeds 833,000 and it is beyond doubt the richest marketing centre in Canada. The agricultural wealth (computed in 1925 at $1,750,000,000) is *second only to Ontario and is far ahead of any other province of the Dominion.*

If you are interested in the greatest selling force you can employ in securing the ultimate in this great market, let your advertising agency give you the record of the four great Dailies and Saskatchewan's own Farm Magazine named at foot.

They represent a net certified paid circulation of 85,000. They are read in practically every English-speaking home of the Province and over 95 per cent. of the people of Saskatchewan speak and read the English language.

The opportunity to thoroughly cover this field is at your disposal at an inclusive rate of 37 cents per agate line for advertising space. There is not a market like it in Canada, so completely canvassed at this exceptionally low cost.

SASKATCHEWAN THE WORLD'S WHEAT BIN

Leader-Post, *Daily*
REGINA

Phoenix-Star, *Daily*
SASKATOON

Saskatchewan Farmer, *Semi-Monthly*
REGINA

News of the Mines: *A Department for Executives and Investors*

SHARE MARKET HAS EASED; WAS STOCK LEVEL TOO HIGH?

Large Amount of Good News Coming From Various Mining Camps

The mining stock market sold off somewhat during the last week. Many say the market was too high and, that it will be in a much healthier position following this liquidation. This may be quite true. Some of the stocks are high but many of them are low. It strikes the writer that those who consider the market will be healthier after liquidation are those who make their living by the ups and downs of the market and are more concerned with market plays than with mining development.

From the mining point of view the market is healthy. Mining development of a spectacular nature is going on. In the past the market may have been too high generally. It was discounting the future. But a great deal of the developments, which it was discounting, are now an accomplished fact or nearly so. Some seem to think that the market may ease further. It may do so under pressure, and if it does, it will be in the face of consistant good news. Also, if it does, it will offer bargains to those who are seriously concerned in the purchase of stocks, firmly believing in the soundness of the mining industry. It is our opinion that the day of cheap mining stock is passed. Certainly the day when the new company must get out and give its stock away to get a little money, only to later face reorganization, is gone and from now on, promoters of new ventures of merit are going to gradually scale the prices of new offering upward towards par. This will be a good thing. Many are envious of Lake Shore that it has such a wonderful mine with only $2,000,000 capitalization. There is plenty of opportunity for companies of like capitalization. All they have to do is get a decent price for their shares, instead of giving them away. President Oakes of Lake Shore put his company over in the early days when sacrifice of share prices was the order, but he had rare good luck in getting ore quickly and was thus enabled to carry on from production. He might have made more money if he had sufficient funds to open the mine out to allow starting the mill with a larger tonnage. That would be the policy of to-day. Then it was a pioneer effort and Mr. Oakes had to cut his cloth accordingly.

Dome is Backward

Dome shares have eased back to between $10 and $11. The mine is not in the best of shape. This price level puts a valuation of around $10,000,000 on the operation. It seems to have one more chance in the sediments below the 2,000-ft. level in the east. Not much progress seems to have been made in the surrounding and underlying basalt.

Kirkland Lake Gold is another issue that has shown signs of weakness. The talk of distributing the holdings of Beaver to shareholders may be partly responsible and another reason is the fact that the 2,225-ft. level has not come up to those above. The mill should be starting within the next few weeks.

Noranda has met with some liquidation and weakness. The annual report did not create a favorable impression because many loked for a story of huge ore reserve increases because of the unofficial stories that have been coming out from time to time about new discoveries. The fact is, that the Horne property is no deeper down to-day than it was a year ago, 300-ft. and the big work of the year has been exploring further at this depth and driving upwards on the new central shaft. A review of the report will be found elsewhere.

Mining Corporation is back again in that attractive bargain position which it occupied some months ago. Since then it moved up over $4. The company is paying 25 cents a share per year so that at the present price it yields a fair return for an issue with such speculative possibilities. McIntyre is back below $25 or nearly $5 below its high mark. Some think the stock too high, but in light of developments on the property and its possibilities from a production, indications are that the market is discounting a position of his development. With a market valuation of around $20,000,000, it can hardly be said that all the good news possible has been taken care of.

Some good news should be forthcoming about Teck-Hughes. The company has been holding back. The power company is going to make changes in Kirkland Lake rates and make more power available. This is what Teck-Hughes wanted and it should be ready to announce its new plans in the not distant future. The writer would venture to predict some surprise when Manager D. L. H. Forbes gives his next summary of developments. Some very long shoots of rich ore have been opened up.

There have been a few other ups and downs, soft spots here and there, but nothing to get excited about.

Bennett Mining Co. Now Crosscutting at 500 ft.

Bennett Mining Co., operating Smith Labine property, Sesekenika, has cut the station at 500-ft. and will proceed with lateral work at this horizon. Outlook is decidedly interesting. Five veins were cut in sinking shaft to this point, the narrowest being 6-ft. and widest 34-ft. It is intended now to crosscut 1,000-ft. and this should reveal a decidedly interesting situation. Either a tremendous large orebody or mineralized zone, the juncture of innumerable veins will be cut or many veins will be encountered within close proximity of one another. This conclusion is reached because of the strike and dip of the veins. Most of these veins show various tellurides on surface and it is possible that the crosscut will reveal a concentration of values.

NEW LORRAIN OPERATION

Mining Corporation is driving ahead on its shift on its new property adjoining Nipissing in South Lorrain. This is mostly through overburden and when bed rock is reached, diamond drilling will be done.

Keeley's Position Again Becomes Quite Interesting

Keeley Silver, south Lorrain, is taking on the appearance of a new mine. Pres. F. H. Hamilton says despite the heavy tonnage going to the mill ore reserves are up 500,000 ozs. since Feb. 1. This is due to developments on vein 28 in western part of property. It is now opened on 11th level and other interesting developments in this section are taking place. Keeley is said to be considering acquisition of additional acreage.

$500,000 CASH FOR 90% OF 13 CLAIMS

Offer Was Rejected by New Liskeard People for Quebec Holding

Half a million cash for a 90 per cent. interest in 13 claims in Duprat and Montbray Twps., N. W. Quebec, was offered S. D. Eplett & Sons, New Liskeard, recently. It was refused. They have countered with an offer to sell 65 per cent. interest for $350,000 cash. The claims are being examined and $15,000 cash deposited in bank by would-be purchasers.

This is rather an interesting proposition. It shows claim holders desiring to gamble on the future of the property rather than to get the bulk of their interest in cash. They ask a 25 per cent. greater interest and drop $150,000 off the cash payments. Twenty-five per cent. of a $5,000,000 company is $1,250,000 and $150,000 would amount to 12 per cent., in other words, if the property makes good the vendors additional 25 per cent. might repay their cash sacrifice in the first year of dividends. On the other hand, if the would be purchasers are not a big soundly financed concern, it might work out that the vendors desire to take less cash would be the salvation of the enterprise, as $150,000 less to pay in purchase price is $150,000 cash that can go into the ground. Besides the additional 25 per cent. interest is worthless until such time as the property makes good. If the property fails the interest fails.

PUBLIC OFFERING OF HOWEY TALKED

Tying Up Dome Stock Leaves Impression Some Such Proposal is Thought of

The impression seems to be gaining ground that Howey Gold mines may be financed by a public offering, either through the company or some large New York or Chicago group. Perhaps the reason for this talk is the fact that Jack Hammell has been so insistent on getting the some 671,000 shares which Dome owned tied up, before he revealed his hand. If there is not going to be a public offering Dome's holding should not worry, whereas if public offering is made through the market Dome's holding would always hang over the head of any market the promoters would make.

Monday, Gen. Mgr. DePencies attended a Dome meeting at New York. Tuesday he was in Toronto and he imparted to Mr. Hammell Dome's decision to make a deal to sell him back the stock when the Howey Co. was in funds. No price has been revealed, but undoubtedly it will let Dome out of its Red Lake flutter without a loss. Likewise, no matter the price within reason, Mr. Hammell, will be satisfied with his latest success. His plans to finance Howey and get the machinery in before winter, should soon be made known.

GETTING GOOD MILL RESULTS ON CONTACT

Millheads Are Running 30 to 40 Ounces of Silver Per Ton of Ore

Mill at Cobalt Contact is now handling 50 to 60 tons daily and average content of the silver ore is running 30 to 40 ozs. per ton. Plans are underway to step the tonnage up and by 1927 it is expected that the average will be 80 tons daily. The company has been delayed in getting into its full swing as its facilities for drying concentrated were not ready as fast as the rest of the mill. The result is that the shipment of the second car of concentrates has been delayed. The first went out in August and the second will go forth shortly. By Oct. 1 the equipment will be in such shape as to handle two cars monthly.

Some success has been met with in developing No. 9 vein of Green Meehan. A crosscut west for 500-ft. on No. 1 level picked up the vein and drifting north and south for 300-ft. revealed some nice ore and the same in 200-ft. drifting on second level. The vein crosses the line into Red Rock. In this work 160-ft. showed an average of over 40 ounces and the last 70-ft. averaged 100 ounces over 9-ft. width. The company has run its first crosscut to the east and picked up No. 10 vein. Drifting both ways has started on it.

Wide Ore Body on Duprat Traced For 450-ft. Now

Another high grade copper find has been made on Duprat claims, 150-ft. west of present workings. This is an extension of the big ore body already opened up and makes the known length 450-ft. and 150-ft. wide. This is the area that is to have an electrical machine used on it first for the purpose of determining the proper places to put down diamond drill holes In the opinion of mining men a large body of ore will be found in the immediate vicinity of the lake in the southern part of the south group of the Duprat properties. The strike of the Consolidated Smelters find is towards the lake and the copper content is stronger as work proceeds in that direction.

Gold Hill Success Has Made Boston Creek Busy

Success which Gold Hill has met with in Boston Creek area, is resulting in much activity in that camp. Interests associated with Gold Hill are operating Hill Top. Ostrom Gold, which has been diamond drilled during the summer has decided on sinking. Manley O'Reilly, in Skeod is going deeper while others in the camp are either planning work or speeding up operations.

A large Hamilton party headed by Thos. Tough just visited Gold Hill. Others included Dr. P. B. Macfarlane, Charles B. Whitefield, Frank H. Gage, H. W. Rodgers, G. S. Dunkin, G. W. Gerrie, J. A. Bell, W. H. Montague.

HAS PETE LAKE AT LAST FOUND MINE IN UPPER DIABASE?

First Work Done in This Formation Soon Opens 100-oz. Ore

Has Cobalt another mine below the diabase in Peterson Lake property now owned by Peterson, Cobalt? This is the opinion expressed by J. W. Russell, Professor of Geology, Western University, London, an old Cobalt mine manager and geologist, who has just paid a visit to the camp.

Peterson Lake has been worked more or less for a number of years. The last operation was under an option to Mining Corporation. Prof. Russell says that in all former drifting no attempt was made to test out the section of the diabase where the adjoining O'Brien was getting such good results and its main production. He also points out that on the old Colonial when operated by the Menago, best results were in the diabase, above the contact.

Having knowledge of what went on at the O'Brien and Colonial, the present manager, Donald Russell, son of the professor, when operations were resumed on Pete Lake, extended operations into the diabase first thing. This was done by a rise on the 255-ft. level and he was soon into silver values that improved with each round of shots. The result is that a very nice body of silver ore is now showing in the roof of the raise. The mineralization extends well into the wall rock on either side of the vein and is showing a total width of commercial ore of 9-ft. With the vein excluded it will run 100 ozs. The vein is about two inches wide, largely cobalt and leaf silver.

Many parts of Peterson Lake holdings have this favorable diabase contact, says Prof. Russell and it looks to him as though the operation had a long and profitable life ahead. The management, he says, is contemplating an incline shaft along the contact to explore the diabase to the full depth, probably 600-ft.

Not only are the conditions above described met on the Little Nipissing holdings of the company, but there are 20 other veins that produced silver away to the south and these are all promising prospects for the finding of silver in the upper diabase. The O'Brien is exploring the lower diabase under similar conditions on the other or east side of Cross Lake.

Peterson Lake holds 224 acres of mining lands, owns one mill outright and has a two-third interest in a second mill. It is estimated that there is 10,000 tons of low grade ore on the surface dump and a large deposit of slimes, carrying 5 ozs. of silver in which the company has a two-third interest.

Servais Gold Mines Gets New Funds in Buffalo

Servais Gold Mines has taken up an interesting group of claims at Sesekenika near new discovery made by Bennett Co., and will do assessment work. Buffalo people are providing the funds and are expected to finance diamond drilling of company's Kirkland Lake group on which some fine surface showings have been uncovered. Some interesting developments are said to be pending at Sesekinika. Engineers of more than one big company have been over the ground.

MINING STOCK QUOTATIONS
Week Ending September 21

	High for wk.	Low for wk.	Close Sept. 21	Close Sept. 14	Sales for wk.
Amulet	1.39	1.28	1.34	1.34	74040
Algonquin	3½	2¾	3¼	3¼	19400
Area	25½	23	24½	24	21950
Argo. Con.	30	24½	28	26¼	293950
Baldwin	7	4	5⅝	4	669075
Barry Hol.	66	58	64	66	120000
Beaver	90	80	88½	87	89000
Bellellen L.	23½	22½	23	22½	73625
Boston Creek	6	5	6	5	4500
Bourlamaque	1.18	1.14	1.14	1.17	34275
Buckingham	3	2½	2½	3	6500
Beatty B.	4¼	4½	4½	..	50000
Bidgood	5½	5½	5½	5½	1000
Can. Lorrain	82	76	77	80	11600
Capitol	37¾	35½	35½	38	14100
Castle Tre.	1.44	1.40	1.40	1.42	40399
Chaput H.	8½	8	8	9	3000
Clifton	1⅝	1½	1⅝	2½	5250
Coniagas	4.30	4.15	4.30	4.25	1125
Coniarum	3.90	3.58	3.90	3.70	1240
Col. Kirk.	4	3½	3½	4	37100
Cons. Smelt.	249	238	247½	249¼	11443
C. W. Dome	22¾	20	21¾	21¼	133516
Crown Res.	9½	9	9	9½	16700
Dome Mines	11.00	10.40	11.00	10.40	3231
Don Rouyn	50	46	50	50	300
Dupuy	31¾	30	30½	30¾	69900
Dupont	18¼	18	18	..	17000
Everett	6½	5½	6	6	18300
Goldale	34	32	33½	34	17800
Gold Hill	46	40	45½	46	63100
Gold Reef	2	2	2	2½	3000
Gladstone	36	35	35	40	1000
Hill Top	26	20	20	25	9110
Hollinger	19.30	19.00	19.10	19.25	2550
Indian	5¼	4½	4½	5½	4000
Int. Nick., c.	37¾	36	36¼	37	1575
Jay Copper	.76	.75	.76	.75	11500
Keeley	1.65	1.59	1.62	1.60	35000
Keora Mines	19¾	17	19¼	19	118150
Kirk. Hunt.	14	12	12¼	14	12900
Kirk. Lake	1.14	1.05	1.07	1.13	81175
Lake Shore	15.10	13.55	13.85	14.45	10750
Lakeside	4⅛	2½	4⅛	2½	133100
Laval	26	24¾	25½	25¾	15600
La Rose	8	7	8	8	2150
Lorrain	4½	4	4½	4¼	24000
Macassa	40	37	37	40	8650
McKinley	13	12½	12½	12½	9500
McIntyre	25.40	14.70	14.85	15.45	6705
Millcrest	9	6¾	6¾	9	89500
Mining Corp.	3.67	3.45	3.50	3.65	10780
Mont. Rouyn	32	25	32	23	95900
Noranda	19.00	17.60	18.25	18.90	82870
Night Hawk	7	6¾	7	7¼	2500
Nipissing	6.40	6.10	6.20	6.31	3850
Ophir	2	1½	2	2¼	3600
Pete. Lake	8¾	8	8½	7¾	17900
Porc. Crown	6	5½	6	5½	1500
Porc. Keora	9½	9	9½	9	7500
Pioneer	94	90	92	93	13600
Premier Gold	2.20	2.12	2.12	2.20	1925
Preston	7¼	6¾	7	6¾	9200
Rouyn	3	3	3	3	2000
South Keora	14½	5	10	9¼	18650
Stadacona	43	42	42	42	53511
Teck Hughes	4.73	4.53	4.54	4.70	79422
Timiskaming	10½	7	10½	6	7000
Tough Oakes	46	43	44	46	34150
Towagamac	3.30	3.20	3.25	3.25	4180
Vic. Silver	4	3½	3⅞	4	13500
Vickers	82	80	82	83	9900
Vipond	1.80	1.70	1.71	1.78	37490
Wasapika	1¾	1¾	1¾	1	4000
West Tree	2½	2½	2½	2¾	2700
Wettlaufer	6	5	6	5½	6800
Wright Har.	8.75	8.15	8.70	8.70	7435

GOLD AND SILVER STOCKS
LORSCH & CO.
MEMBERS STANDARD STOCK AND MINING EXCHANGE

International Nickel Has Dismantled B.A.N.C. Refinery

The B.A.N.C. refinery at Deschenes, Que., will not be available for refining the blister copper which will be produced in Northwest, Que. For some time it was reported that Consolidated Smelters were purchasers. It now comes to light that International Nickel got it and are dismantling it and taking the equipment, including the Scandinavian electrolytic refining equipment to Port Colborne. It is likely that this will be used in the large extension which International is making to its plant and which will greatly increase its output. The building which housed the old refinery at Deschenes is to be sold, says Canadian Mining Journal, to be used for any purpose other than as a refinery.

International Nickel also purchased the mines of B.A.N.C.

GET FUNDS EASILY IF PROPOSITION O.K.

Eldorado Mines Head Experiences No Trouble Finding Capital in Toronto

"They say that Toronto is no good to raise funds for new mining ventures. My experience is quite the contrary," says Chas. Labine, who is handling the business affairs of Eldorado Mining Co., which holds a block of 600 acres close to Central Manitoba and Cryderman properties of Mining Corporation in Central Manitoba. He went on to say that he was convinced that if a proposition was right, the property had merit, the financial construction was sound, and money was going into the ground and not into promoters' pockets, then there is lots of money available in Toronto. It is just a question of finding it.

Mr. Labine says his company are putting 85 cents of every dollar raised into the ground. The company's overhead expense other than mining effort is negligible and there were no incorporation fees to be met. He and his brother paid these. Showings on the property have been consistently good, in fact almost spectacular, with the result that to-day the company has no financial problem. Without solicitation Toronto people have sent him in thousands of dollars and he has been selling in 10,000 to 50,000 share lots. He says they will send a complete mining plant into the property during the coming winter.

Zinc-Copper Lead Group Near Port Arthur Optioned

Enterprise mine, a zinc, copper and lead property at the foot of Black Bay, thirty-five miles east of Port Arthur, idle for 35 years has been optioned to Toronto interests along with two adjoining claims. The options are for a year, with the privilege of purchase. Some years ago 500 barrels of zinc ore taken from the mine was shipped to Swansea and reported on as being of the highest grade.

Duncan McEachern, mining man of some renown in the early days, who earned the sobriquet of "King of Black Bay," who was interested in the mine said that some day the Black Bay country as a mineral producer would come into its own. Local mining men are of the opinion that the prophecy is about to be realized. Mr. McEachern said the geology in the district is most favorable. Captain Knobel, who is well known in Port Arthur, is interested in zinc properties adjacent to the Enterprise mine.

WIDE VEIN ON BALDWIN

A vein 30 to 40 ft. wide is reported opened on surface on Baldwin property. Crew of 15 men have been doing surface work while boiler was being fixed up. Dewatering of shaft has started. Find is reported made along edge of roadway government cut on the property. It is said to be promising looking but assays of sampling are not yet available.

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SMELTERS 8-MONTH TONNAGE EQUALS 1925

Receipts Indicate Heavy Increase in Production of Mines of B.C.

Last week The Financial Post published a statement made in B.C. by Pres. Warren of Consolidated Smelters that the output of the big operation should increase $5,000,000 this year. An interesting follow up is the following item:

TRAIL.—With the first week of September, Trail smelter receipts passed the figures of the volume for the entire year 1925. Receipts up to September 7 were 392,608 tons of ore and concentrates.

Last year's total volume was 391,606 tons. The year 1925, however, though a record year for Trail in production of metals by many millions of dollars, was not a record in tonnage, which for two or three years has been around 410,000.

What is understood to be a record for a single week was made for the period from August 22 to 31, when a total of 16,499 tons of ore was received from the British Columbia and Washington mines. The shippers follow:

Name of Mine and Place.	Tons
Lead Ore—	
Bell, Beaverdell	43
Alamo, Alamo	20
Hewitt, Silverton	11
Paradise, Lake Windermere	34
Queen, Salmo	28
Sally, Beaverdell	51
Standard, Silverton	22
Silversmith, Sandon	74
Surprise, Sandon	26
Milling Ore—	
Aurora, Aldridge	36
Bluebell, Riondel	255
Galena Farm, Silverton	94
Lucky Jim, Zincton	714
Multiplex, Camborne	40
Rambler, Rambler	34
Ruth Hope, Silverton	45
Stemwinder, Kimberley	1049
Whitewater, Retallack	317
Wonderful, Alamo	56
Copper Ore—	
Allenby, Allenby	1009
Dry Ore—	
Goodenough, Ymir	63
Last Chance, Republic	294
McAllister, Three Forks	465
Quilp, Republic	119
Trevitt, Republic	163
Yankee Girl, Ymir	665
Zinc Ore—	
Standard, Silverton	25
Silversmith, Sandon	120
Company Mines	10619
Total Tons	16499

VANCOUVER.—Three thousand tons of ore are daily being handled at Smelters Sullivan mine, Kimberley, is handling 3,000 tons of ore daily, and within a short time it will be possible to take care of 4,000 tons. Tin has been added to the products although silver, lead and zinc are the chief items of output. Iron and sulphur will also be produced if the company's plans materialize.

SMELTERS MAKES FIND

Consolidated Mining and Smelting has recently made an important discovery in Montbray Twp., N. W. Quebec.

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News of the Mines

NORANDA ESTIMATE OF ORE RESERVES IS DISAPPOINTING

Hardly in Keeping With What Public Has Been Led to Expect

There is some disappointment over the ore reserves shown in Noranda's report for the year ending Dec. 31, 1925. The six month's report to June 30, 1926, does not estimate ore reserves. It was a jolt to many to see Noranda show $21,686,000 in ore when many were looking for figures anywhere from $50,000,000 on. During the past year there have been many reports of high grade discoveries and of operations that were putting tremendous amounts of ore in sight.

A great deal of success has been met with on the 300-ft. level during the past six months. The interim report indicates this. It also explains why there is no statement on reserves attached. It says an estimate of the increased tonnage must await further development. They hope to be able to give this recalculation on work done to end of year. Thus, if there has been a big increase in the ore in the last six months, it is not shown. Besides the company, while doing a lot of exploratory work, has really been getting nearer its ore than "indicated," getting the mine ready for production and driving up a new shaft. This does not make for ore reserves. But it may be the best explanation of why the Dec. 31, 1925, ore reserves are not higher than they are, is that the day is passed when the company must seek finances. It does not have to present attractive pictures to create a favorable market for its stock.

The report on 1924 when dealing with ore reserves states "when it is considered that practically all this estimated tonnage lies above the 106-ft. level, the discovery of ore in hole 42, vertical depth 235-ft. and hole 48, depth 455-ft., is particularly impressive."

The table appended shows that the figures at that time were $12,407,000 and as the report says, practically all above the 106-ft. level. To-day the mine is developed to 300-ft. with a large amount of work done. On this basis, speculators have been estimating ore reserves, adding estimates of bodies that are reported to have been found on the 300 that were not found above. But instead of seeing ore conservatively estimated around $40,000,000 they find the figures are $21,000,000. This means that the year 1925 only added 333,000 tons of ore to reserves. The previous estimate was on 15 months' work, starting from the grass roots.

Taking these facts, in conjunction with the development work outlined, one is forced to the conclusion that the latest Noranda report is of a bearish nature, or else the previous one was over-optimistic, and we lean to the former. We are inclined to believe that Noranda has gone more rapidly than indicated in putting ore in sight, though its present reserves are quite ample for the 1,000 ton smelter unit it is proposed to start with. The amount of work done in 1925 as shown in this article should have been as fruitful in indicating ore as previous effort, especially when the position of the bodies on the first level would act as a guide for the second and third level and thus save waste work. This does not seem to have been the case, though the footage accomplished is much larger.

One engineer and geologist in discussing the situation remarked that it was remarkable how pessimistic mining companies get when they have considerable cash in the treasury and ore in sight. He also remarked that engineers' opinions must be pessimistic in some peoples' eyes to be of any value.

The Noranda report we don't think does justice to the property in the matter of ore reserves, inasmuch as they have been led to expect so much by the management. Otherwise it is an excellent report and reveals a tremendous operation in the making.

The balance sheet Dec. 31, 1925, shows 578,000 shares in treasury. The expenditures for 6 months to June 30, 1926, show 125,000 shares paid Lake Tremoy Syn., and 75,000 issued to managing directors. Latter does not increase liability but increases stock issued. Additional shares went out, leaving 202,600 shares in treasury.

The statement notes transfer of certain assets to Horne Copper Claims, $607,978; camps, $41,221; plant, $69,776; supplies, etc., $69,835; road cons., $7,369; def. chgs., bldg., $16,334; def. chg. exploration, $492,054; ins. account, $489, or a total of $1,305,054; while Noranda took 1,289,957 stock of the Corp. Advances to affiliated cost totals $919,842, the bulk of which went to Horne. Total expenditures for 6 months were $2,974,021, quite a portion of which was just a readjustment following advent of Horne Corp. On June 30 Noranda had $834,723 cash, taking in during that time $1,742,000 for stock, and $200,000 borrowed on note. Horne Co. owes $912,327 to Noranda, Plata Mines Gowganda, $7,491.

Excavation and grading of the Horne Smelter site has been rushed this summer and is now about complete. Work on the concrete piers to carry the steel frame work of the buildings has been begun. A contract has been let for furnishing and erecting the structural steel and this work should begin early in November if the branch line railway from O'Brien is open for traffic at that time, as expected. Earlier expectations were for completion of the railway on September 1st and the two months' delay is unfortunate, but will not prevent the carrying on of construction work during the winter. Every effort will be made to have the smelter in operation in the fall of 1927.

Mine development has been carried on steadily and as rapidly as the limited capacity of the present wood burning steam plants would permit. The chief effort has been to outline the known ore bodies and to prepare them for mining. Only a limited amount of underground diamond drilling could be done without sacrificing power required in regular development.

A permanent three compartment shaft, No. 3, has been located a short distance northwest of No. 1 shaft and this has now been raised from the third level to a point 20 feet above the first level and will shortly be completed to surface and equipped with an electric hoist and 2 motor driven compressors of 2,500 cu. ft. free air capacity each. This equipment has been ordered and will be installed just as soon as railway and electric facilities are furnished. This No. 3 shaft will then be sunk to the 600 foot level as rapidly as possible and with this ample equipment mine development will be greatly speeded up.

Recent drifting on the first level has shown that the original drift north of shaft which failed to encounter the "D" orebody was misplaced and the new drift discloses an orebody 100 ft. long with an average assay value of $1.80 gold and 24.2 per cent. copper—a gross value of $64.72 per ton at 13 cent copper.

This body would appear to be the same orebody located on the third level in the horizontal drill hole in a crosscut north of No. 1 shaft, referred to in our March 10th report. In this hole 38.5 ft. of ore assayed 19.83 per cent. copper and $1.66 gold ($53.22 per ton). The identity of these bodies and their continuity between these two points has, however, not been definitely proved as yet. Second level development has not reached this point, and third level drifting to this body has been postponed until the completion of No. 3 shaft so that proper grades for ore extraction can be maintained in the levels.

East of a 100 ft. wide North-South diabase dike, on the west side of which lies "D" orebody, another orebody 18 feet wide was discovered by diamond drilling on the third level and has since been driven on for 80 feet showing an average assay of 83 cents gold and 24.6 per cent. copper—a gross value of $64.79 per ton. An orebody similarly placed with respect to the diabase dike has also been found on the surface, equally high grade, but having an area there of only 5 square feet. This locality has not been reached on the first or second level.

Plata Mines, operating in Gowganda, is sinking. "Entirely Negative" says report on the 3,000-ft. of trenching on the company's Red Lake claims. The company is clearing away the townsite of trees, stumps, etc.

Assets	June 30 1926 $	1925 $	1924 $
Current—			
Cash	834,723	299,317	208,992
Accounts	1,337	1,642	2,075
Notes rec.	920,317	....	....
Inventories	....	51,745	23,740
Bond advances	21,241	....	....
Def. Chgs.	....	524	224
	1,777,618	353,228	235,031
Capital—			
Prop., options	74,098	122,089	96,547
Bldgs., etc.	51,426	131,545	89,099
Other Co. Shares (cost)—			
Horne	1,289,957	....	....
Continental	1,845	1,845	1,845
Anglo Porc.	11,787	11,787	11,787
Powell Rouyn	37,302	37,302	37,302
Eastward Mines	11,207	11,207	11,223
Adsit Mining	13,400	......	......
Norbec	13,520	13,520	....
Que. Smelters	2,960	....	....
Misc.	268	300	....
Organization, etc.	22,307	202,060	121,152
Administration	23,733	114,016	59,001
Operating cost	67,725	575,288	262,954
Total capital	1,626,787	1,220,959	691,511
Total assets	3,404,405	1,574,187	926,542
Liabilities (6 mos.)	$ 1926	$ 1925	$ 1924
Accounts	2,259	39,042	12,297
Owg. Mg. Div. (shares)	....	75,000	....
Stock issued	1,797,400	1,422,000	913,600
Cap. surplus	1,604,746	38,146	646
	3,404,405	1,574,188	926,542

NORANDA WORK ON HORNE IN FEET

	During 1924	End of 1924	During 1925	End of 1925
No. 1 shaft	124	124	204	328
No. 2 shaft	73	73	85	158
Driftg.-Crossctg.	1,256	1,256	5,974	7,230
No. 3 shaft	...	...	...	...
D. Drillg.	...	16,497	7,193	24,925
Assays made	...	4,028	4,140	8,168

NORANDA ORE RESERVES

	Tons	Gold, $	Copper, %	Av. per ton	Value
*Dec. 31, 1924	239,000	...	...	...	$ 6,567,400
**Dec. 31, 1924	372,500	...	...	...	$ 5,840,000
Total, Dec. 31, 1924	611,500	...	...	$20.29	$12,407,400
**Nov. 1, 1925	982,265	5.25	5.94	$20.70	$20,329,000
**Jan. 1, 1926	944,525	5.54	6.7	$22.96	$21,686,294

*Partially developed.

**Partially developed and indicated.

TURNED FIRST SOD IF THEY COULD FIND ONE

With a gang of 60 men, work on constructing the Pilot mill at Flin Flon property, Northern Manitoba, is under way. The first sod was turned recently, if they could find one, otherwise it would be a blast into rock. W. A. Green and Gordon Duncan, engineers in charge of operations for R. H. Channing, Jr., have returned to The Pas from the north, and Tom Creighton has left for the camp to look after certain of the work now under way.

Low water on Saskatchewan River has aggravated the transportation problem.

IMPERIAL TO DRILL ADDITIONAL WELLS

Plans For Next Season in Turner Valley May Mean Three New Holes

Royalite Co. subsidiary of Imperial Oil, will drill, perhaps three, additional wells in Turner Valley field during 1927. Dalhousie Co., a subsidiary of Royalite will abandon No. 3, the old Southern Alberta No. 1, and will drill a new well close to it. The locations of the new wells will not be known until spring.

Decision to abandon Dalhousie No. 3 was arrived at after months of futile efforts to drill this hole deeper by pulling out the old casing. Some joints of the 8¼-in. casings are jammed near the bottom and assiduous fishing has failed to remove them. So much time has been expended on the job that it was decided better time could be made by starting a new hole.

The Dalhousie No. 3 is located 400 yards east of Vulcan well. The log of this well shows it considerably higher than the Vulcan and for this geological reason, the chances are the new No. 3 will be sunk a short distance east of the present No. 3 which should put it still higher up the structure. Much is being made of the fact that Vulcan well with a heavy flow of wet gas at 4,930-ft. has encountered no water. Many geologists feared water would be found in deep wells.

The Vulcan well is supposed to have been close to the center of the trough running along between the twin peaks of the anticline. The bottom of this depression where reached by the Vulcan tools is more than a thousand feet deeper than the top of the anticline, found by the Royalite No. 4.

The assumption made by geologists is that wells may be drilled on the side of the structure to a depth correspondingly equal with that of the Vulcan, thus extending the probable productive area of Turner Valley by a great extent, and making it even more probable that the many oil companies incorporated within the last year will get production, even if they are forced to drill close to the sides of the Turner Valley structure.

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From Our Own Correspondent.

VANCOUVER.—Platinum mining on the lower reaches of the Tulameen River are rewarding prospectors, according to Garnet Sootheran and other men who have startled coast mining circles lately with their discoveries.

Coarse, shotty nuggets of the precious metal, alloyed with iridium, are being found in fair quantity and the combination enhances the value of the raw platinum, so that the Tulameen material is worth from $150 to $200 an ounce.

Sootheran's best day's wash netted him eighteen ounces, the rich pay coming from a pocket in the old channel. Other miners are engaged in "snipping" along the river without going through the formality of driving stakes and registering their claims and they are averaging about $5 a day.

Sootheran has been working by himself and has been obtaining the platinum and gold-bearing gravels from a bench approximately 65 feet high. He is now planning to install a small hydraulic plant, which will greatly increase the yardage of gravel washed and the recovery.

The platinum-iridium alloy is being disposed of to a firm in England, while the gold is sold locally. It is his intention to send 200 pounds of the black sand to England for testing purposes.

BIG OIL MARKET FROM OIL-ELECTRIC TYPE LOCOMOTIVE

Are Coming into Use Starting as Switch Engines In Many Parts

Coincident with the opening up of the oil fields in Alberta comes the arrival of the oil-electric locomotive. Engineers watching its career see opening up a permanent new market for low-grade oil, one calculated to assume large proportions in the near future.

Already, in performances extending over the three years in which the oil-electric has been upon the rails, the new locomotive has demonstrated economies of operation, through the use of fuel oil, that show a fuel cost of from one-third to one-sixth that of a steam locomotive of equivalent power.

The general use of the oil-electric locomotive by American railroads, according to recent estimates, would involve the consumption of some $125,000,000 worth of fuel oil a year. This would effect a saving to railroads of the country of approximately $375,000,000 in their yearly coal bills which now total $500,000,000.

Although no prophetic claims are made by the producers of the oil-electric locomotive as to its possibility of entirely replacing the steam locomotive, the oil-electric's exploits during its three years of service—and particularly since it has been bought and operated by eight railroad systems impel engineering and railroad experts to the opinion that the newcomer in transportation already has made a permanent place for itself in railroading.

Thus far, oil-electric locomotives have been confined to switching, terminal and yard work, where locomotives of 60-ton size and 300 horsepower capacity, and 100-ton size, with 600 horsepower capacity, have suited the purpose. Other locomotives, of 125-ton size and 750 horsepower capacity, are being built for branch line service, while designs have been completed for a 1,500 horsepower locomotive, suitable for main line requirements. Since it is possible to articulate two oil-electrics, driving them from a single cab, the hauling capacity of any one unit may thus be doubled if the demand requires it.

When the branch-line and main-line oil-electrics are put into operation, this new type of locomotive will be in service upon practically all the great railroad systems in the country. When that day arrives, the oil-producing market will appreciably feel the call for fuel oil.

In a recent analysis of the oil-electric locomotive, Eugene H. Outerbridge, former chairman of the Port Authority of New York, and a railroad man of experience, said:

"If, as I believe, the draught efficiency of this engine per unit cost of fuel ton moved greatly exceeds that of the steam locomotive, it would seem as if the oil-electric engine had the potential future of supplanting the present type of steam locomotive as fast as those wear out or as the railroads could afford to scrap them.

"The whole transportation world will watch the exploits of the oil-electric locomotive within the next few years. Without doubt, it is a great contribution and has come to stay. Time only can tell whether it will become paramount."

The oil-electric locomotive, product of the American Locomotive, Ingersoll-Rand and General Electric Companies, is now in use of the Central Railroad of New Jersey, Lehigh Valley, Erie, Long Island, Chicago and Northwestern, Reading, Delaware, Lackawanna and Western, and Baltimore and Ohio Railroads, while one or more locomotives have been ordered by the New York Central and Great Northern systems. Aside from this, oil-electrics will soon enter the realm of industry, one locomotive being put in service in the steel industry in the mid-West, and another in lumber-hauling operations on the Pacific slope.

Aside from its economy in fuel costs, the oil-electric locomotive effects savings in maintenance of approximately 50 per cent. over the steam locomotive. It makes possible the elimination of coaling plants, ash pits, turn tables, round-houses and costly water stations and troubles due to bad water conditions, all of which run the expense of the steam locomotive to huge figures.

Because of its smaller mechanical parts, it eliminates necessity for heavy shop machinery and postpones the necessity for building or reinforcing present bridges and road-beds to meet the requirements of the increasing weight of the present-day locomotive.

The oil-electric can be operated 24 hours a day, thus actually doing the work of two equivalent steam locomotives. It is smokeless, cinderless and noiseless in its operation and is available for service on any railroad system without changes in equipment or personnel.

Typical of the fuel economy of the oil-electric was a run of one of the 60-ton size recently from Erie, Pa., to New York, when it made the 733 miles, over a circuitous route, running without load, with a total cost of $8.75 for fuel and lubricating oil, or an average of 1.2 cents a mile.

A 100-ton locomotive made a trip from Erie to New York, hauling a train of cars, at an average cost of less than five cents a mile.

Conservative estimates of railroad men place the saving in fuel and maintenance costs of the oil-electric at from $10,000 to $25,000 a year over an equivalent type of steam locomotive.

One particularly interesting application of this kind is that of Utah Copper Co., at Bingham, Utah.

This company owns an entire mountain at Bingham and its 57 steam locomotives haul something like 30,000,000 tons of ore each year. Investigation showed that an oil-electric locomotive would save four cents per ton handled. Based upon an average of 526,315 tons hauled by each locomotive during the year, the savings effected by the oil-electric, at this rate, would be $21,052.60 or for 57 locomotives $1,200,000 yearly.

PUBLIC OFFERING OF ARCHEAN LIKELY

Dr. Harvie, of Archean Mines, Que., in his recent report, indicated that exploration of over 5,000 acres along the granite intrusion in Clericy, Dufresnoy and Joannes townships shows possibilities of three distinct mines on the Cyclone Rapids group.

An extensive program of underground mining development and diamond drilling will be undertaken by the Harvie Mining Exploration Co., on the northern section, the scene of a dramatic discovery last fall.

The company is operating on a conservative and clear-cut basis. With the extensive program of work now proposed the company is likely to enlarge the policy of privately financed development that has characterized the undertakings the past three years, and invite the investing public to participate to some extent.

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DEVELOP B.C. IRON ORE BY BLENDING WITH MONTANA ORE

Iron and Steel Industry May Be Set Up in Heart of Fernie Coal Area

From Our Own Correspondent.

VANCOUVER.—Coal mines of Fernie district will soon enter the coast markets, according to W. R. Wilson, president, Crows Nest Pass Coal Co. They will also play an important part in the development of an iron and steel industry in the Rocky Mountain section, if the company's plans materialize.

According to Mr. Wilson, there are lying within a short radius of Fernie sufficient iron deposits to start and support industries equal to at least 50 per cent. of the immense operations conducted at Pittsburg.

While he had been informed that the iron deposits immediately adjacent to Fernie contained certain chemical properties which made them unfit for commercial purposes, investigations had convinced him that there was iron ore in Montana which, if blended with the Fernie iron, was capable of being produced into the finest iron and steel in the world. With the Trail smelter in possession of the secret of making use of its residue iron, there was no reason why the same process could not also be utilized at Fernie as an alternative should the other method fail.

"We export many of our natural products to the United States, so why shouldn't we import some from United States also, and help make Fernie what it was intended to be? This would also give employment to our Canadian technical men whom we train at such expense at our universities, and provide employment for our own workers."

So thoroughly "sold" on this project is Mr. Wilson that it is reported he has already acquired considerable Montana iron-bearing property.

J. P. Norrie Takes Charge of Work on Stadacona

Robert C. Gamble, managing director, of Stadacona Rouyn Mines has appointed as field engineer for the company, J. P. Norrie, E.M. Mr. Norrie's experience has been extensive as a geologist and engineer in United States and Canada. The appointment of a man of this calibre at this period of Stadacona's development has its importance for Quebec field as this concern has extensive and scattered holdings. Trenching, shooting and magnetometric survey work is now all being co-related and it is expected important announcements may be made at any time. Mr. Gamble says Stadacona's success may be very early and of major importance. Mr. Norrie is well known in the North. He has served with Dept. of Mines, Nova Scotia, as deputy inspector and mining engineer; Porcupine, Davidson Gold Mines as gen. supt. in charge of development; Sylvanite Gold Mines, as underground supt. in charge of development; Moose Head Reduction Co., Ltd., Nova Scotia, gold development; and Great Falls Mines, of Maryland, Potomac, M.D., U.S.A., as gen. supt. in charge of development.

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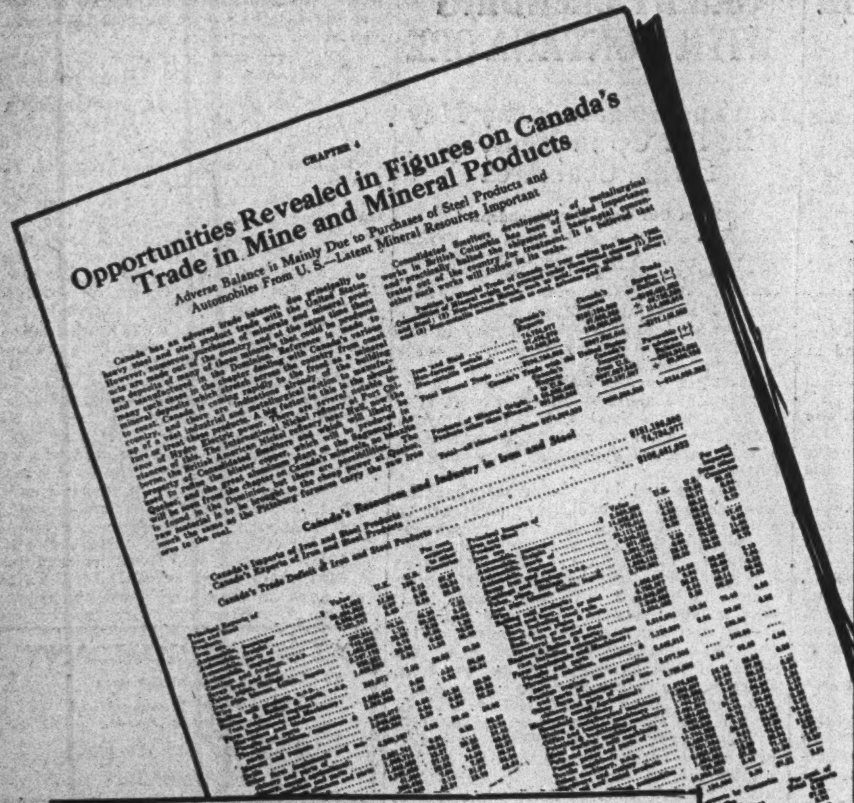
Typical Pages From The Financial Post Survey of Mines

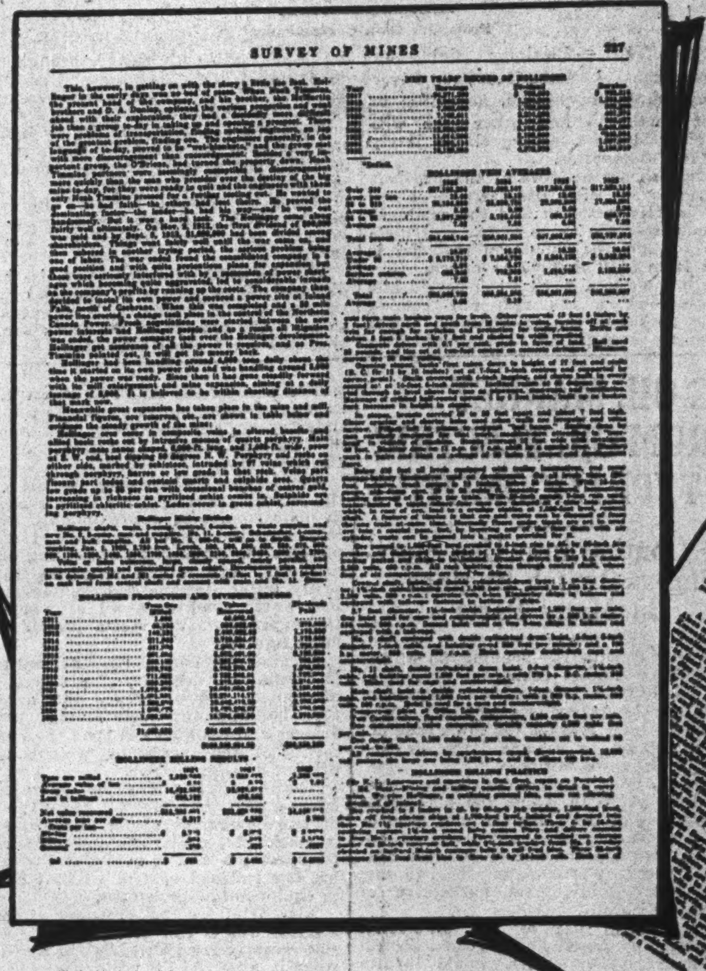


CHAPTER 4

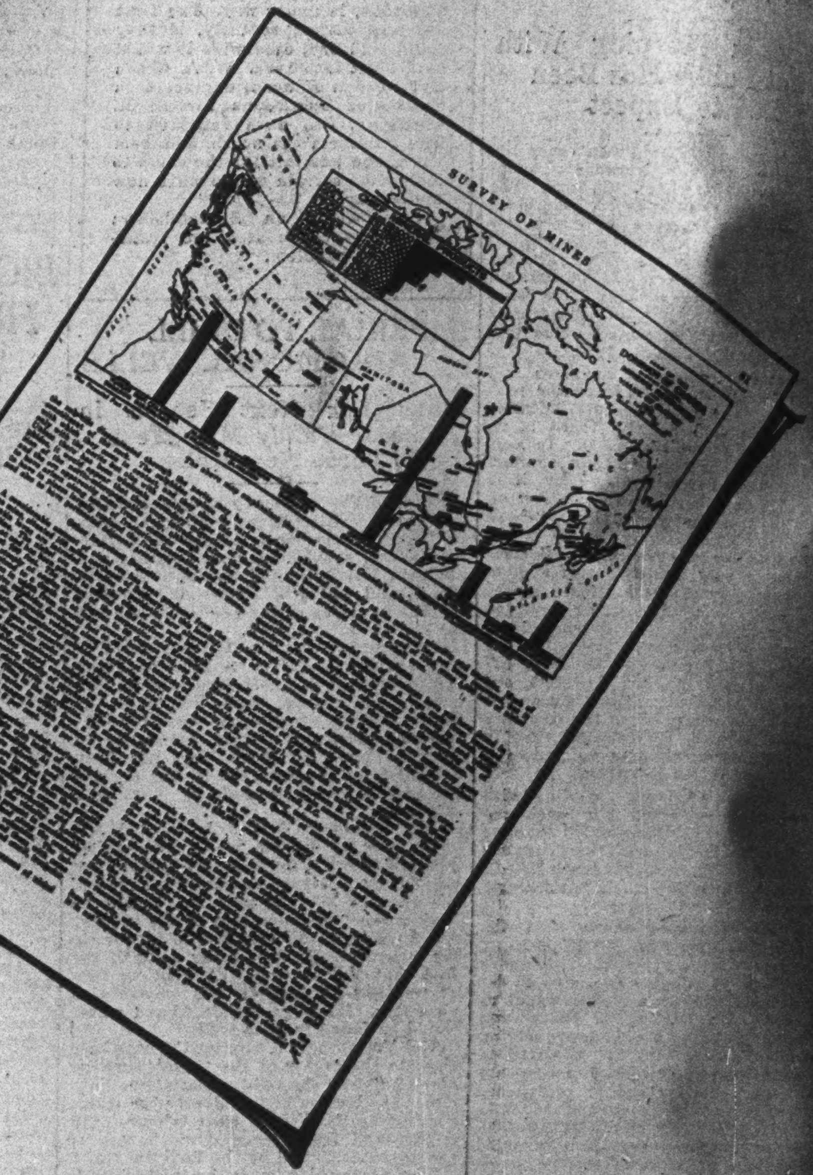
Opportunities Revealed in Figures on Canada's Trade in Mine and Mineral Products

Adverse Balance is Mainly Due to Purchases of Steel Products and Automobiles From U. S.—Latent Mineral Resources Important

Canada's Resources and Industry in Iron and Steel



SURVEY OF MINES 227



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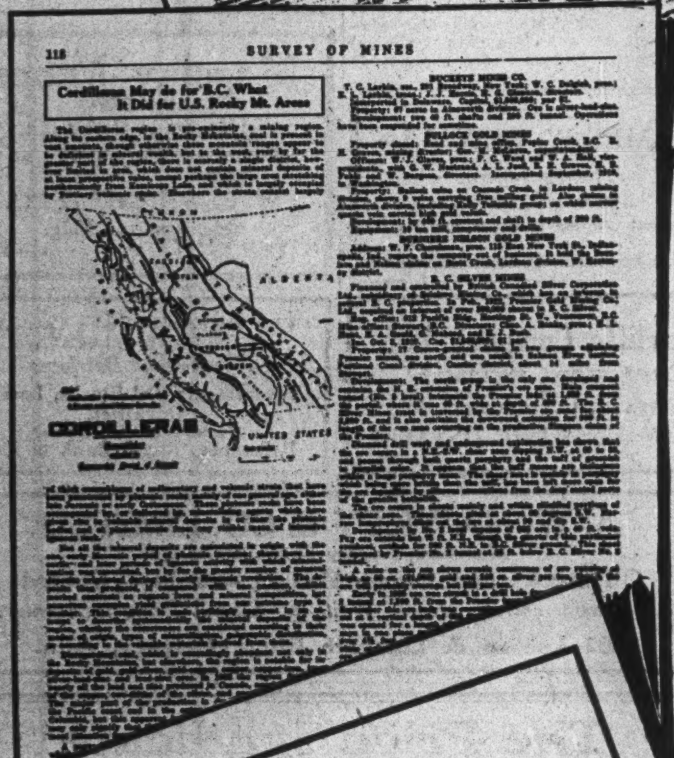

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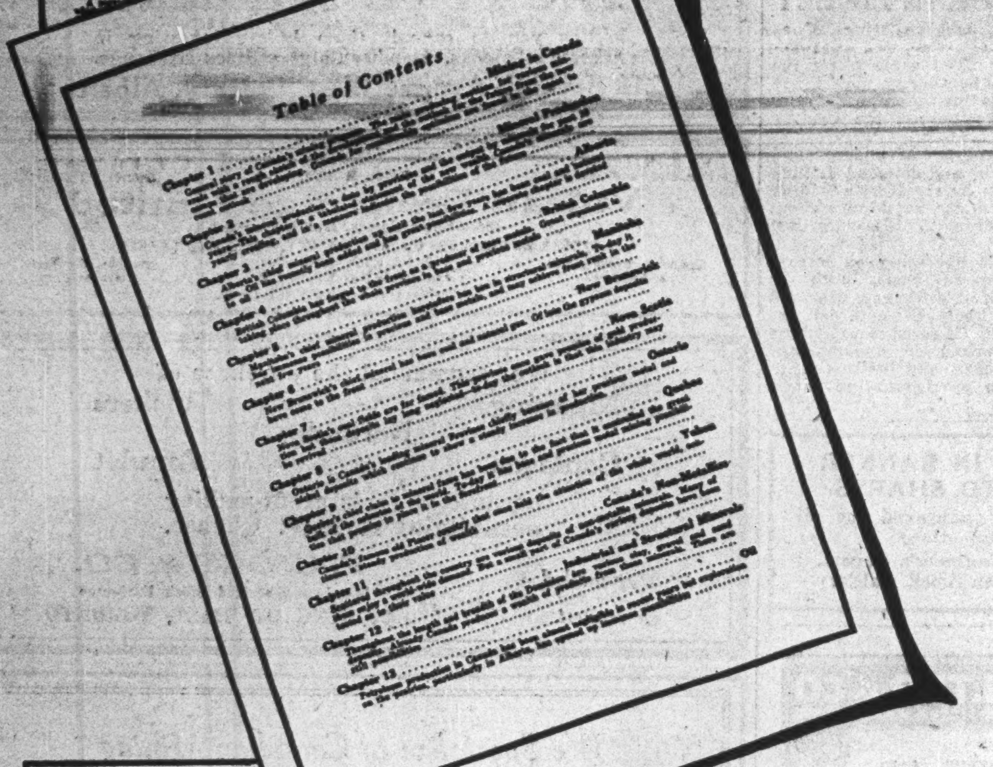
Cordilleran May do for B.C. What It Did for U.S. Rocky Mt. Areas



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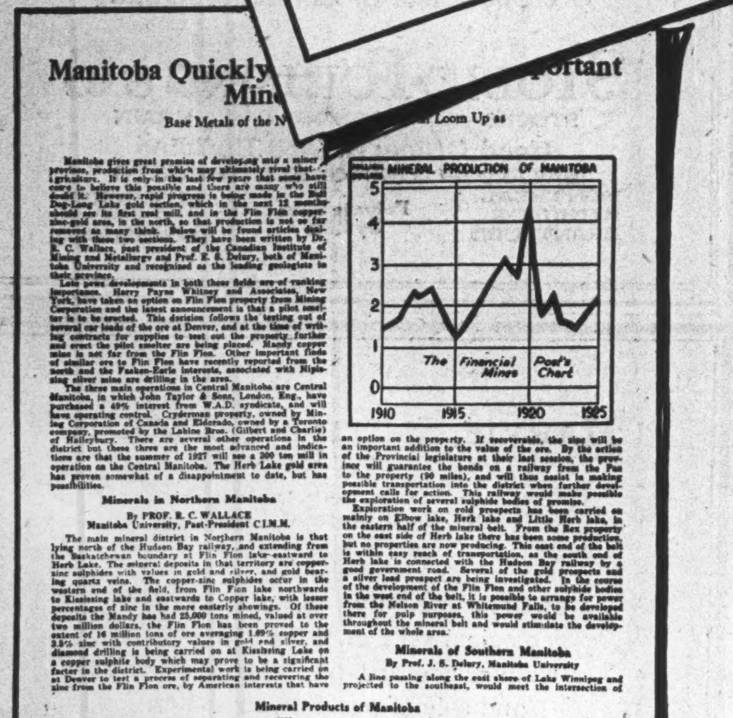

Manitoba Quickly portant Min

Base Metals of the N Loom Up as

Manitoba gives great promise of developing into a miner province, production from which may ultimately rival that of agriculture. It is only in the last few years that some have come to believe this possible and there are many who still doubt it. However, rapid progress is being made in the Bull Dog-Long Lake gold section, which in the next 12 months should see its first real mill, and in the Flin Flon copper-zinc-gold area, in the north, so that production is not so far removed as many think. Below will be found articles dealing with these two sections. They have been written by Dr. R. C. Wallace, past president of the Canadian Institute of Mining and Metallurgy and Prof. E. S. Delury, both of Manitoba University and recognized as the leading geologists in their province.

Late news developments in both these fields are of ranking importance. Harry Payne Whitney and Associates, New York, have taken an option on Flin Flon property from Mining Corporation and the latest announcement is that a pilot smelter is to be erected. This decision follows the testing out of several car loads of the ore at Denver, and at the time of writing contracts for supplies to test out the property further and erect the pilot smelter are being placed. Mandy copper mine is not far from the Flin Flon. Other important finds of similar ore to Flin Flon have recently reported from the north and the Fasken-Earle interests, associated with Nipissing silver mine are drilling in the area.

The three main operations in Central Manitoba are Central Manitoba, in which John Taylor & Sons, London, Eng., have purchased a 49% interest from W.A.D. syndicate, and will have operating control. Cryderman property, owned by Mining Corporation of Canada and Eldorado, owned by a Toronto company, promoted by the Labine Bros. (Gilbert and Charlie) of Haileybury. There are several other operations in the district but these three are the most advanced and indications are that the summer of 1927 will see a 300 ton mill in operation on the Central Manitoba. The Herb Lake gold area has proven somewhat of a disappointment to date, but has possibilities.

Minerals in Northern Manitoba

By PROF. R. C. WALLACE
Manitoba University, Past-President C.I.M.M.

The main mineral district in Northern Manitoba is that lying north of the Hudson Bay railway, and extending from the Saskatchewan boundary at Flin Flon lake eastward to Herb Lake. The mineral deposits in that territory are copper-zinc sulphides with values in gold and silver, and gold bearing quartz veins. The copper-zinc sulphides occur in the western end of the field, from Flin Flon lake northwards to Kississing lake and eastwards to Copper lake, with lesser percentages of zinc in the more easterly showings. Of these deposits the Mandy has had 25,000 tons mined, valued at over two million dollars, the Flin Flon has been proved to the extent of 16 million tons of ore averaging 1.69% copper and 3.5% zinc with contributory values in gold and silver, and diamond drilling is being carried on at Kississing Lake on a copper sulphite body which may prove to be a significant factor in the district. Experimental work is being carried on at Denver to test a process of separating and recovering the zinc from the Flin Flon ore, by American interests that have an option on the property. If recoverable, the zinc will be an important addition to the value of the ore. By the action of the Provincial legislature at their last session, the province will guarantee the bonds on a railway from the Pas to the property (90 miles), and will thus assist in making possible transportation into the district when further development calls for action. This railway would make possible the exploration of several sulphide bodies of promise.

Exploration work on gold prospects has been carried on mainly on Elbow lake, Herb lake and Little Herb lake, in the eastern half of the mineral belt. From the Rex property on the east side of Herb lake there has been some production, but no properties are now producing. This east end of the belt is within easy reach of transportation, as the south end of Herb lake is connected with the Hudson Bay railway by a good government road. Several of the gold prospects and a silver lead prospect are being investigated. In the course of the development of the Flin Flon and other sulphide bodies in the west end of the belt, it is possible to arrange for power from the Nelson River at Whitemund Falls, to be developed there for pulp purposes, this power would be available throughout the mineral belt and would stimulate the development of the whole area.

Minerals of Southern Manitoba

By Prof. J. S. Delury, Manitoba University

A line passing along the east shore of Lake Winnipeg and projected to the southeast, would meet the intersection of

Mineral Products of Manitoba

155

MINERAL PRODUCTION OF MANITOBA
MILLION DOLLARS
5
4
3
2
1
0
1910
1915
1920
1925
The Financial Post's Mines Chart

Six pages from the forthcoming Financial Post Survey of Mines are reproduced here. It is our hope that these pages—one giving a part of the review on Hollinger Mine, one the table of contents, one illustrating mineral production, one showing review of British Columbia mines, one treating of the Manitoba field, one expounding opportunities for manufacturers by reason of the non-metallic situation—will show the wide scope of this book; will make clear that there are hundreds of pages—definite—interesting—informative.

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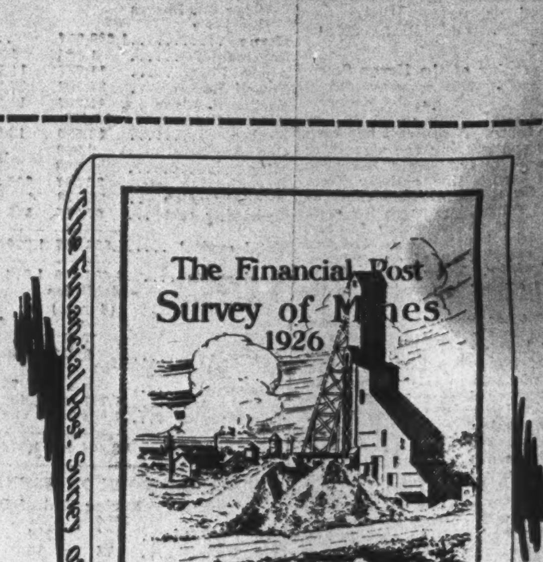

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